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ANNUAL REPORT

OF THE

Indian Merchants' Chamber

FOR THE YEAR

1937

presented to the Annual General Meeting of the Chamber held on 24th January 1938

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J. K. MEHTA, M.A.

SECRETARY, INDIAN MERCHANTS' CHAMBER,
JEHANGIR WADIA BUILDING,
ESPLANADE ROAD, FORT, BOMBAY.

1938

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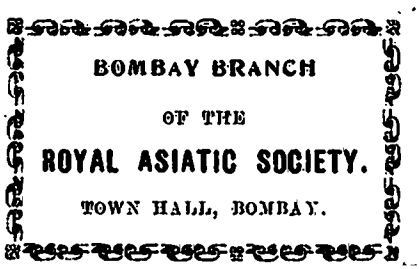

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Indian Merchants' Chamber

With the Secretary's Compliments.

Jehangir Wadia Bldg.,
Esplanade Road,
Fort, Bombay.

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LIST OF MEMBERS

OF

THE INDIAN MERCHANTS' CHAMBER

1938

Honorary Member :

MAHATMA GANDHI

LIST OF MEMBERS

of

THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Trade.	Address.
1	Mr. Chunilal Devkaran Nanji	Messrs. Chugondas & Co. ..	Share Brokers	17, Elphinstone Circle, Fort, Bombay.
2	„ Bhagwandas Munmohundas ..	„ Munmohundas Ramji & Co.	Millowners, Agents and Piecegoods Merchants.	Patel House, Churchgate Street, Fort, Bombay.
3	„ Chatrabhuj Morarji ..	„ Morarji Velji & Sons	Piecegoods Merchants	Kalbadevi Road, Kolbhat Street, Bombay.
4	„ Jamnadas Devidas ..	„ Jethabhai Govindji & Co.	do.	Mulji Jetha Market, Sir Vithaldas Galli, Bombay.
5	„ Jethabhai Kalyanji ..	„ Valji Shamji & Co. ..	do.	Mulji Jetha Market, Chowk, Bombay.
6	Mr. Karsandas Thackersey	Messrs. Damodar Haridas & Co.	Piecegoods merchants	Mulji Jetha Market, Chikhal Galli, Bombay.
7	„ Devidas Madhowji Thackersey	„ Madhowji Thackersey & Sons	do.	Byramji Mansion, Sir P. M. Road, Bombay.
8	„ Ramdas Madhowji ..	„ Ramdas Madhowji & Co.	do.	Mulji Jetha Market, New Narayan Chowk, Bombay.
9	„ Vithaldas Damodar Govindji	„ Damodar Govindji Sons & Co. ..	do.	Govind Building, Princess Street, Bombay.
10	„ Morarji Hemraj Kanji	„ Hemraj Kanji & Co.	do.	Mulji Jetha Market, New Govind Chowk, Bombay.
11	„ Hiralal Amritlal Shah	Mr. Hiralal Amritlal Shah	do.	Dahyabhai Bldg., 8 Chaupaty Sea Face, Bombay.
12	„ Haridas Purshottam Govindji	Messrs. Purshotam Govindji & Co.	do.	Mulji Jetha Market, Chowk, Bombay.
13	„ Bhugwandas Vussonji	„ Kanji Karsan & Co.	do.	56, Pedder Road, Bombay.
14	„ Mathuradas Dwarkadas	„ Lalji Naranji & Co. ..	Piecegoods Merchants and Mill Agents.	Ewart House, Tamarind Lane, Fort, Bombay.
15	„ Vaman Shridhar Apte	„ Vaman Shridhar Apte & Co.	Piecegood Merchants	Mulji Jetha Market, Govind Chowk, Bombay.
16	The Hon. Sir Phiroze C. Sethna	The Hon. Sir Phiroze C. Sethna	General Merchant	Canada Building, Hornby Road, Fort, Bombay.
17	Mr. Krishnaraj M. D. Thackersey	Messrs. Thackersey Moolji & Co.	Millowners, Agents and Piecegoods Merchants	34-38, Hamam House Hamam St., Fort, Bombay.
18	Mr. Chaturbhuj Gordhandas Sunderdas ..	Messrs. Mooljee Jaitha & Co.	Cotton	Ewart House, Tamarind Lane, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
19	Mr. Gordhandas Govindji	Messrs. Morarji Govindji & Co.	Piecegoods Merchants	Mulji Jetha Market, Chikhal Galli, Bombay.
20	„ Mulji Goculdas ..	„ Dharamsey Rattansey	do.	Laxmidas Khimji Market, Shaikh Memon St., B'bay.
21	„ Ramdas Ranchordas Thackersey	„ Ranchordas Thakersey & Co.	do.	454-458, Popatwadi Corner, Kalbadevi Road, Bombay.
22	„ Jamnadas Harakhji Sanghvi	„ L. Jamnadas & Co.	do.	82, Dady Seth Agiari Lane, Bombay.
23	„ Jethmal Narandas ..	„ Jethmal Narandas & Co.	do.	Mulji Jetha Market, Sancha Galli, Bombay.
24	„ Dwarkadas Meghji ..	„ Haridas Keshavji & Co.	do.	Khan Bldg., Girgaum Road, Bombay.
25	„ Manilal Revashanker	„ Revashanker Jagjivan & Co.	Jewellers	Khara Kuva, Shaikh Memon Street, Bombay.
26	Sir Purshotamdas Thakurdas Kt. ..	„ Narandas Rajaram & Co.	Cotton	Navsari Chambers, Outram Road, Fort, Bombay.
27	Mr. Govindji Ratansi Mulji	Mr. Govindji Ratansi Mulji	Share Broker	Mercantile Chambers, Ballard Estate, Fort, Bombay.
28	„ Dhanjibhoy B. Petit	Messrs. Dhanjibhoy B. Petit & Co.	General Merchants	Union Bank Bldg., Apollo Street, Fort, Bombay.
29	Mr. Govindlal Shivlal ..	Messrs. Raja Bahadur Shivlal Motilal	Shroff	"Shri Sadan", 15, Land's End Road, M. Hill, Bombay.
30	„ S. R. Bomanji ..	Mr. S. R. Bomanji.	Machinery and Millstores	Forbes Street, Fort, Bombay.
31	„ Hansraj Jivandas ..	Messrs. Khimji Vishram & Co.	Cotton	Dana Bunder, Broach Street, Bombay.
32	„ Kaikobad Cowasji Dinshaw	„ Cowasji Dinshaw & Bros.	Millowners and Agents	121, Medows Street, Fort, Bombay.
33	„ Mathuradas Vissanji ..	Mr. Mathuradas Vissanji ..	Cotton	9, Wallace Street, Fort, Bombay.
34	„ Govindram Harsomal	Messrs. Tarachand Ghanshamdas	Shroff	Jhaveri Bazar, Shaikh Memon Street, Bombay.
35	„ Karsandas Mulji Jetha	Mr. Karsandas Mulji Jetha	Cotton	Ewart House, Tamarind Lane, Fort, Bombay.
36	„ Khimji Shamji ..	The Grain Merchants' Association ..	Trade Association	262, Musjid Bunder Road, Bombay.
37	„ Jamnadas Kalianji N. Gandhi	The Indian Mercantile Insurance Co. Ltd. ..	Insurance	Premchand House, Sir P. M. Road, Fort, Bombay.
38	„ N. M. Raijee ..	Messrs. S. B. Billimoria & Co.	Auditors	113, Esplanade Road, Fort, Bombay.
39	„ R. D. Lam ..	„ Tata Sons, Ltd. ..	Millowners & Agents	Bombay House, Bruce St., Fort, Bombay.
40	„ Dadabhai J. Registrar	The Berar Mfg. Co. Ltd. ..	Textile Mills	Kent House, Ballard Estate, Fort, Bombay.
41	„ Hirjibhai Shapurji Patuck	Messrs. H. S. Patuck & Co.	Import-Export	Nagri Building, Custom House Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
42	Sir Kikabhai Premchand	Messrs. Premchand Roychand & Sons	Share Brokers	Apollo Street, Fort, Bombay.
43	Dr. M. Venkatrao ..	,, N. Powell & Co. ..	Pharmaceutical and Surgical Instruments	Lamington Road, Bombay.
44	Mr. Nahalchund Lalloochund	Mr. Nahalchund Lalloochund	Yarn	Tamba Kanta, Pydhonie, Bombay.
45	,, Bharata K. S. Aiyar ..	Messrs. K. S. Aiyar & Co. ..	Auditors	65, Apollo Street, Fort, Bombay.
46	,, Dulerai Vanechand Desai	,, Hirachand Vanechand Desai & Co. ..	Cotton	22, Apollo Street, Bombay.
47	Prof. Sohrab R. Davar ..	,, Davar's College of Commerce ..	Commercial Institute	80-82, Esplanade Road, Fort, Bombay.
48	Mr. Phirozeshaw N. Mehta	Messrs. P. N. Mehta & Co.	Yarn, Piecegoods and Machinery Importers	Cook's Building, Hornby Road, Fort, Bombay.
49	,, Nandlal Kilachand ..	,, Kilachand Devchand & Co. Ltd. ..	Grain	Allahabad Bank Building, Apollo St., Fort, Bombay.
50	,, H. C. Captain ..	The Central Bank of India Ltd.	Bankers	Esplanade Road, Fort, Bombay.
51	Mr. Mohanlal Ambalal Parikh	The Bombay Shroff Association	Trade Association	Shroff Bazar, Shaikh Memon Street, Bombay.
52	Mr. Mathuradas Govindji	Messrs. Gokalbhai Dolatram & Co.	Cotton	170-72, Kalbadevi Road, Bombay.
53	,, Liladhar Javerchand	,, Mulchand Vussanji & Co.	do.	90, Bazar Gate Street, Fort, Bombay.
54	,, Dwarkadas Tribhovandas	Mr. Dwarkadas Tribhovandas	do.	Shingani Building, Marwari Bazar, Bombay.
55	,, R. D. Patel	Messrs. Patel Bros.	do.	Patel House, Churchgate St., Fort Bombay.
56	,, Hormasji D. Jassoobhoy	,, Chandabhoy & Jassoobhoy	Auditors	Gustad Chambers, Sir P. M. Road, Fort, Bombay.
57	,, Fakirmahomed C. L. Sajun	,, C. L. Sajun & Co. ..	Rice	Carnac Bunder, Bombay.
58	,, M. V. Subiah	The Commission and General Agency	Commission Agents and Contractors	Ali Building, Nagarthpet, Bangalore City.
59	,, Dwarkadas Kalyandas	Mr. Dwarkadas Kalyandas	General Merchant	Ridge Road, Malabar Hill, Bombay.
60	,, Lakhmidas Rowji Tairsee	Messrs. Lakhmidas & Co. ...	Commission Agents	253, Walkeshwar Road, Bombay.
61	,, Kirtilal Manilal ..	,, Surajmal Lallubhai & Co.	Jewellers	Kalbadevi Road, Bombay.
62	,, Maneklal A. Mehta ..	Messrs. Nagindas & Maneklal	Income-tax Experts	Ravelin Street, Hornby Road, Fort, Bombay.
63	,, Sankalchand G. Shah	The Bombay Yarn, Copper and Brass Native Merchants' Assn.	Trade Association	Tamba Kanta, Pydhonie, Bombay.

No.	Representative.	Member.	Trade.	Address.
64	Mr. Dalpatram B. Trivedi	Messrs. Trivedi & Co. ..	Iron	Navsari Chambers, Outram Road, Fort, Bombay.
65	,, N. C. Khorana ..	The Punjab National Bank Ltd.	Bankers	Kent House, Sir P. M. Road, Bombay.
66	,, Jamnadas Dayalji Mehta	Messrs. Pitamber & Co. ..	Freight Brokers & Coal Merchants	Sudama House, Wittet Rd., Ballard Estate, Fort, Bom.
67	,, Bhailal Dajibhai Amin	The Alembic Chemical Works Co. Ltd.	Pharmaceutical and Spirits	Baroda Camp.
68	,, A. D. Shroff	Messrs. Batlivala & Karani	Share Brokers	Dalal Street, Fort, Bombay.
69	,, Maneklal Manilal Ranchhoddas Pari ..	Mr. Maneklal Manilal Ranchhoddas Pari ..	Shroff	Manek Chowk, Ahmedabad.
70	,, M. A. J. Noble ..	Mr. M. A. J. Noble ..	General Merchant	Graham Bldg., Parsi Bazar St., Fort, Bombay.
71	,, Shoorji Vallabhdas ..	Messrs. Shoorji Vallabhdas & Co.	Piecegoods Merchants.	Cutch Castle, Sandhurst Road, Bombay.
72	Mr. Jiwandas Doongursee	Messrs. Doongursee & Sons	Wool Merchants	59, Forbes Street, Bombay.
73	,, Ramnivas Ramnarain	,, Harnundrai Ramnarain	Cotton	C/o Phoenix Mill, Ltd., 143, Esplanade Road, Bombay.
74	,, T. M. Rangachari ..	,, T. M. Rangachari ..	Import-Export	Poonamallee High Road, Vepery, Madras.
75	,, Walchand Hirachand	,, Walchand Hirachand ..	Contractor & Commission Agent	Phoenix Building, Ballard Estate, Bombay.
76	,, Mansukhlal Atmaram Master	,, Mansukhlal Atmaram Master	Shipping	Sudama House, Wittet Road, Ballard Estate, Bombay.
77	,, Damodar Govindji Madhowji	Messrs. Govindji Madhowji & Co.	Coal & Insurance Agents	Hamam House, Hamam St., Fort, Bombay.
78	,, Bhagwandas Goverdhandas ..	Mr. Bhagwandas Goverdhandas ..	Cotton	9, Wallace Street, Fort, Bombay.
79	,, Mathuradas Canj Matani	Messrs. Kanji Dwarkadaswala	Rice	53, Mint Rd., Fort, Bombay.
80	,, Madhavlal Makanji ..	,, Madhavlal & Co. Ltd.	Coal	Alice Building, Hornby Road, Bombay.
81	,, Nemchand Popatlal Vohora	,, C. K. Vohora & Co.	Machinery and Millstores	Saker Bazar Cross Lane, Railway Pura Post, Ahmedabad.
82	,, Nandlal Madhavdas ..	,, Amersey Damodar ..	Cotton	106, Bhuleswar Road, Bombay.
83	,, Kekhushru Manekji Cooper	,, K. & J. Cooper ..	Educational Publishers	Soonama House, Cumballa Hill, Bombay.

No.	Representative.	Member.	Trade.	Address.
84	Mr. Harisukh Harilal ..	Messrs. Lalji Godhoo & Co.	Spices	Samuel Street, Vadgadi, Bombay.
85	„ Manilal Balabhai ..	„ Manilal Balabhai & Co.	Import-Export	Lentin Chambers, Dalal St., Fort, Bombay.
86	„ Shantidas Askuran ..	Mr. Shantidas Askuran ..	Cotton	"Mahendra Nivas," Nepean Sea Road, Bombay.
87	„ Vyas Laxmishanker Narbadashanker ..	„ Vyas Laxmishanker Narbadashanker ..	do.	Engineer, The Vasant Spg. & Wg. Mill, Broach.
88	Sir Ishwardas Lukhmidas	Sir Ishwardas Lukhmidas ..	Yarn	"Garden View", Hughes Road, Bombay.
89	Mr. Ishwarlal Ganpatram Gajjar	Mr. Ishwarlal Ganpatram Gajjar	Colour and Medicines	15 D, Carmichael Road, opp. Pedder Road, Bombay.
90	„ Vassanji Naranji Bhimji	„ Vassanji Naranji Bhimji	Landlord	Vadgadi, Mandvi, Bombay.
91	Sir Rahimtulla M. Chinoy	Messrs. F. M. Chinoy & Co.	Motor Cars, etc.	Band Stand, Chowpatty, Bombay.
92	Mr. Jal Hormasji Billimoria	„ Pallonjee Eduljee & Son	Sanitary Engineers & Contractors	New Charni Road, Girgaon, Bombay.
93	„ Velji Lukhamsi Nappoo	„ Nappoo Nensee & Co.	Grain	188, Argyle Road, Dana Bunder, Bombay.
94	Mr. Ali Mahomed Mecklai	Messrs. Ali Mahomed Mecklai & Co.	Exchange, Finance & Bullion Brokers	99, Esplanade Road, Fort Bombay.
95	„ J. H. Bhabha ..	The Tata Hydro Electric Power Supply Co. Ltd.	Eletric Power	Bombay House, Bruce Street, Bombay.
96	„ Dwarkadas Jekisondas	Mr. Dwarkadas Jekisondas	Landlord	Dwarkadas Mansion, Sandhurst Road, Bombay.
97	„ Hansraj Haribhai ..	Messrs. Hansraj & Co. ..	Share Brokers	Stronach House, Ballard Estate, Fort, Bombay.
98	„ Vallabhdas Runchordas	„ Vallabhdas Runchordas & Co. ..	Gramophones etc.	Mahim, Bombay 16.
99	„ Kapilram H. Vakil ..	Mr. Kapilram H. Vakil ..	Salt, Consulting Chemist & Technologist	Navsari Building, Hornby Road, Bombay.
100	„ Baldevdas Dalshukhram Dave	Messrs. Somnath Rupjidas Patel	Raw Silk	35,3rd Bhoiwada, Bhuleshwar, P. O. Box. 2080, Bombay.
101	„ Dawood Haji Nassur	„ Nassur Haji Mavji & Co.	Import-Export	Nassur Building, Mahomadalli Road, Bombay.
102	„ Amratlal Amerchand	„ Amratlal Amerchand & Sons	Grain	36, Kazi Sayed Street, Mandvi, Bombay.
103	„ Laxmidas G. Tejpal ..	Mr. Laxmidas G. Tejpal ..	Mining	7, Bastion Road, Fort, Bombay.
104	„ Morarji Premji Goculdas	Messrs. M. P. Goculdas & Co.	Insurance Agents	Yusuf Building, Churchgate Street, Fort, Bombay.
105	„ Behram N. Karanjia ..	Mr. Behram N. Karanjia ..	Silk and General Merchant	Mahomedbhoy Mansion, 13, Hughes Road, Bombay.
106	„ Sarabhai Prataprai ..	Mr. Sarabhai Prataprai ..	General	"Madhuli," Grant Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
107	Mr. Gordhandas Parshottamdas ..	Messrs. Narrondas Manordas & Co.	Jewellers	Shaikh Memon Street, Bombay.
108	,, R. J. Duff ..	The New India Assurance Co. Ltd.	Insurance	Central Bank Building, Esplanade Road, Bombay.
109	,, Anandji Kanji ..	Messrs. Kanji Cursondas & Co.	Millowners & Agents	187, Hornby Road, Bombay.
110	,, Narandas Manmohandas Ramji	The Bombay Swadeshi Co-operative Stores Co. Ltd.	General Merchants	Cruikshank Road, Fort, Bombay.
111	,, Maganbhai P. Amin ..	Messrs. Maganbhai Amin & Co.	Machinery and Millstores	105, Apollo Street, Fort, Bombay.
112	,, Dhirajlal Maganlal ..	,, Purshotam Pranvallubh & Co. ..	Share Brokers	Dalal St., Share Bazar, Bombay.
113	,, Aboobaker Abdulrehman	,, Aboobaker Abdulrehman & Co. ..	Cotton	14, Custom House Road, Fort, Bombay.
114	,, Parmanand Karsandas	,, Parmanand Karsandas Hargovan ..	Piecegoods Merchants	Mulji Jetha Market, Chowk, Bombay.
115	,, S. D. Shethia	,, Shivji Dharamsey Shethia & Co ..	Coal	Graham Building, Parsee Bazar St., Fort, Bombay.
116	,, Jamnadas Ramdas ..	,, Tulsidas Ramdas ..	Cotton	18-22, Marwari Bazar, Bombay.
117	Mr. Pragji Dayal Hariani	Mr. Pragji Dayal Hariani ..	General Merchant	112, D'Souza Street, Mandvi, Bombay.
118	,, Jivanlal Chimanlal Setalvad	Messrs. J. C. Setalvad & Co.	Insurance	Jehangir Wadia Building, Esplanade Road, Bombay.
119	,, Kalyanji Narandas ..	,, Narandas Bhavanji & Co.	Colour	Gadhsisa (Cutch)
120	,, Rattansey Hirji ..	,, Hirji Govindji & Co.	Grain	45, Baroda St., Dana Bunder, Bombay.
121	,, Mohanlal Hemchand Jhaveri	Messrs. Chimanlal Mohanlal & Co.	Jewellers	Patel Building, Javeri Bazar, Bombay.
122	,, Chimanlal Keshavlal Shah	The Gujarat Oil Mill & Mfg. Co. Ltd.	Oil-milling	Asarva, Post Railwaypura, Ahmedabad.
123	,, Ratan C. Gazdar ..	Messrs. Bomanji C. Gazdar & Co.	Coal	Kavarana Mansion, opp. Marine Lines Rly. St., Bombay.
124	,, B. K. Setalvad ..	The Universal Fire & General Insurance Co. Ltd.	Insurance	Bombay Mutual Building, Hornby Rd., Fort, Bombay.
125	,, Ramkumar Shrinivas Morarka	The Sholapoor Spg. & Wg. Co. Ltd.	Textile Mills	Standard Bldg., Hornby Rd., Fort, Bombay.
126	,, Lakhmidas G. Dossa	Messrs. Goculdas Dossa & Co.	Cotton	22, Apollo Street, Fort, Bombay.
127	,, Dorab Bomanji Kapadia	Mr. Dorab Bomanji Kapadia	Insurance Agent	C/o Mr. N. H. Katrak, Hirji Mansion, Gowalia Tank Road, Bombay.
128	,, Motiram Waghji ..	,, Motiram Waghji ..	Piecegoods	112, New Chinch Bunder, Mandvi, Bombay.

No.	Representative.	Member.	Trade.	Address.
129	Mr. Chunilal Baldevdas	Mr. Chunilal Baldevdas ..	Yarn, Copper and Brass	C/o Gordhandas Mulchand, 2nd Bhoiwada, Bhuleswar, Bombay.
130	,, Ratanchand Hirachand	The Premier Construction Co. Ltd.	Contractors	Phoenix Building, Ballard Estate, Bombay.
131	,, H. H. Belgaumwalla	Mr. H. H. Belgaumwalla ..	Cotton	Hubli.
132	,, Nensey Tejpal ..	Mr. Nensey Tejpal	Contractor	Nana Colaba, Thomas Street, Bombay.
133	,, Behram N. Karanjia	The Silk Merchants' Association	Trade Associatian	Dahanukar Building, Kalbadevi Road, Bombay.
134	,, S. J. Pandya	The Scindia Steam Navigation Co. Ltd.	Steamship Company	Sudama House, Wittet Road, Ballard Estate, Fort, Bom.
135	,, Hooseinbhoy A. Lalljee	Messrs. Abdullabhoy Lalljee & Co.	General Merchants	Standard Bldg., Hornby Road, Bombay.
136	Sir M. Visvesvaraya ..	Sir M. Visvesvaraya ..	General Business	Uplands, High Ground, Bangalore.
137	Mr. M. G. Metha	Messrs. Bakubhai Ambalal & Co.	Import-Export	Mohamed Building, 27, Bastion Road, Fort, Bombay.
138	,, A. M. Lala . ..	,, Nanavati Vevaina & Co.	Coal	Sudama House, Wittet Road, Ballard Estate, Bombay.
139	Mr. B. J. Modi	The Jupiter General Insurance Co. Ltd. ...	Insurance	Ewart House, Tamarind Lane, Fort, Bombay.
140	,, B. M. Bhargava ..	The Union Bank of India Ltd.	Bankers	Apollo Street, Fort, Bombay.
141	,, Nemchand Abhechand ..	The Pearl Merchants and Jewellers' Association.	Trade Association	25-39, Mumbadevi Road, Bombay.
142	,, Manmohandas Madhavdas Amersey ..	Messrs. Amersey & Sons ..	Cotton	Sudama House, Wittet Road, Ballard Estate, Bombay.
143	,, Lalji Rowji Khant ..	,, Shoorji Vallabhdas Colour Co. ..	Colour	Vadgadi, Bombay.
144	,, Ratansi Karsondas ..	,, Karsondas Ranchhordas	Commission Agents and Contractors	66, Bazar Gate Street, Fort, Bombay.
145	,, Jehangir P. Katgara ..	,, Jeena & Co.	Import-Export	Gresham Building, Esplanade Road, Fort, Bombay.
146	,, Morarji Mulraj Khatau	The Khatau Makanji Spg. & Wg. Co. Ltd. ..	Textile Mills	Laxmi Building, 2 B, Ballard Pier, Bombay.
147	,, Khursedji Limji ..	The Bombay Cycle and Motor Agency Ltd.	Motor Cars, etc.	534, Sandhurst Bridge, Chowpatty, Bombay.
148	,, Nassurvanji S. Guzdar	Messrs. Nassurvanji S. Guzdar & Co. ..	General Merchants	Canada Building, Home Street, Fort, Bombay.
149	,, Gordhandas Goculdas Morarji	Mr. Gordhandas Goculdas Morarji	Piecegoods	Harkness Road, Walkeshwar, Bombay.
150	,, B. Das	,, B. Das	Consulting Engineer	P. O. Chandani Chowk, Cuttack.

No.	Representative.	Member.	Trade.	Address.
151	Mr. Chaturbhuj Khiasee	Messrs. Chaturbhuj Khiasee & Co.	Rice	81-83, Chinch Bunder Road, Bombay.
152	,, Vishvanath P. Vaidya	Mr. Vishvanath P. Vaidya	Barrister	Fort Chamber, 6-10, Dean Lane, Fort, Bombay.
153	,, S. D. Saklatvala ..	Messrs. Tata Mills Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
154	Sir Nowroji B. Saklatvala	The Svadeshi Mills Co. Ltd.	do.	Bombay House, Bruce Street, Fort, Bombay.
155	Mr. Mafatlal Gagalbhai ..	The Standard Mills Co. Ltd.	do.	29, Rustom Building, Churchgate St., Bombay.
156	,, Chamanlal Girdhardas Parekh	The Industrial Bank of Western India Ltd.	Bankers	Mirzapur Road, Ahmedabad.
157	,, Ahmed Habib ..	Messrs. Khoja Mithabhai Nathoo	Import-Export, Metal, Cotton & Oilseeds	Hanuman Building, Tamba Kanta, Bombay.
158	Sir Hormasji P. Mody ...	Sir Hormasji P. Mody ..	Merchant & Industrialist (Tata's)	Cumballa Hill, Bombay.
159	Mr. Shantikumar Narottam Morarjee	Mr. Shantikumar Narottam Morarjee	Shipping	Juhu, Via Santa Cruz.
160	,, C. B. Nanavati ..	The Eastern Bunkerers Ltd.	Coal	Sudama House, Wittet Road, Ballard Estate, Fort, Bombay.
161	Mr. Shiavax C. Cambata	Messrs. Shiavax C. Cambata & Co. Ltd. ..	Colliery Agents, Stevedores, Dubash & Contractors	Cambata Building, Queen's Rd., P.B. No. 416, Bombay.
162	Sir Currimbhoy Ebrahim, Bart.	Sir Currimbhoy Ebrahim, Bart.	Merchant	Jiji House, Ravelin St., Fort, Bombay.
163	Khan Bahadur Phirojshaw D. Patel	Khan Bahadur Phirojshaw D. Patel	Piecegoods and Commission Agents	Central Bank Bldg., Esplanade Road, Fort, Bombay.
164	Mr. Chunilal B. Mehta ..	The Bombay Bullion Exchange Ltd. ..	Trade Association	171, Shroff Bazar, Bombay.
165	,, Mafatlal Gagalbhai ..	Mr. Mafatlal Gagalbhai ..	Millowner & Agent	29, Rustom Building, Churchgate St., Bombay.
166	,, M. C. Ghia	Messrs. M. C. Ghia & Co. ..	Millstores, Oil, Colour, etc.	28, Apollo Street, Fort, Bombay.
167	The Hon'ble Raja Sir S. R. M. Annamalai Chetty.	The Hon'ble Raja Sir S. R. M. Annamalai Chetty	Bankers	"Natana Vilas," 38, P. C. Road, Vepery, Madras.
168	Mr. Nagindas G. Shah ..	Messrs. Sankalchand G. Shah & Co.	Yarn, Sugar, Cotton, Metal, Piecegoods Brokers & Import-Export	Hanuman Building, Tamba Kanta, Bombay.
169	,, Meyer Nissim	Mr. Meyer Nissim	Import-Export.	Monkwa Building, Outram Road, Fort, Bombay.
170	,, J. D. Writer	Dr. D. Writer & Co. ..	Confectionery	Bhavanishankar Road, Dadar, Bombay.
171	,, Popatlal Girdharlal ..	Messrs. Popatlal Girdharlal & Co.	Yarn and Machinery	49, Apollo Street, Fort, Bombay.
172	,, Keshavprasad C. Desai	The Industrial & Prudential Assurance Co. Ltd.	Insurance	Jehangir Wadia Building, Esplanade Road, Bombay.
173	Rai Saheb Baboo Motilalji	Messrs. Rai Bahadur Bhagchand	Bankers	Juhar Palace, Kalbadevi Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
174	Mr. Dhirajlal C. Mody ..	The Gujarati Type Foundry	Type Founders and Machinery	Gaiwadi, Girgaon, Bombay.
175	,, Manu Subedar ..	Mr. Manu Subedar	General Merchant	Kodak House, Home St., Fort, Bombay.
176	,, G. F. Munshi ..	The Gujrat Islam Match Mfg. Co. Ltd.	Match Manufacturers	Kankaria Road, Ahmedabad.
177	,, Kalyanbhai Sarabhai Javeri	Messrs. Sarabhai & Sons ..	Import-Export and Commission Agents	317-21, Hornby Rd. Bombay.
178	,, Jagjivan Ujamshi Mulji	The Sugar Merchants' Association ..	Trade Association	Sugar Market, Bombay.
179	,, M. J. Buch ..	The Indian Co-operative Navigation & Trading Co. Ltd.	Shipping	Keshavji Building, 149, Frere Road, Bombay.
180	,, C. R. H. Readymoney	India International Co. ..	Import-Export and Commission Agents	Readymoney Mansion, Churchgate St., Bombay.
181	,, Narayanlal Bansilal Pittee	Mr. Narayanlal Bansilal Pittee	Bankers	205-207-209, Kalbadevi Road, Bombay.
182	,, S. Bhattacherjee ..	The Bengal Luxmi Cotton Mills Ltd. ..	Textile Mills	28, Pollock Street, Calcutta.
183	Mr. Bhogilal Laherchand Javeri	Messrs. Batliboi & Co. ...	Machinery; Millstores, Pearl & Diamond Merchants	Forbes Street, Fort, Bombay.
184	,, Mahomed Akbar A. Fazalbhoy	,, A. Fazalbhoy & Sons	Motor cars, etc.	C/o Bombay Radio Co. Ltd., 16, New Queen's Rd., Bom.
185	Sir Byramjee Jeejeebhoy	Sir Byramjee Jeejeebhoy ..	General Merchant	Alice Building, Hornby Road, Fort, Bombay.
186	Mr. B. S. Lalkaka ..	The Pioneer Magnesia Works	Chloride Manufacturers	Chartered Bank Building, Esplanade Rd., Fort, Bom.
187	,, Dharamsey Mulraj Khatau	Mr. Dharamsey Mulraj Khatau ..	Cement	Laxmi Building, 2B Ballard Pier, Fort, Bombay.
188	,, Jehangir Ruttonji Dubash	,, Jehangir Ruttonji Dubash ..	Grain, Sugar and Spices	24, Carnac Bridge Road, Akbar Press, Bombay.
189	,, Govinddas Maneklal ..	,, Govinddas Maneklal ..	General Merchant	Mathuresh Bhuvan, Shahi Baug, Ahmedabad.
190	,, Purshotamdas Harkisondas Shah	Messrs. Bhaidas Cursondas & Co. ..	Cotton	7/10, Elphinstone Circle, Fort, Bombay.
191	,, Bhagwandas Ramchund	,, Narottamdas Ramchund & Co. ..	Brokers	C/o Mackinon Mackenzie & Co., Ballard Estate, Bom.
192	,, Vrajlal Jivandas ..	,, Laxmidas Vrajlal & Co. ..	Piecegoods	100-102, V. J. Patel Road, Bombay.
193	,, J. K. Dubash	Mr. J. K. Dubash	Landing & Shipping Brokers	Dady House, Churchgate Street, Bombay.
194	,, Ratansi Mulji	Messrs. Vussonji Morarji ..	Cotton Brokers	36, Holi Chakla, Fort, Bombay.
195	,, Babubhai Manji Sanghvi ..	,, R. Ratilal & Co. ..	Grain & Seeds, Cotton and Commission Agents	Teju Kaya Bldg., Old Chinch Bunder Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
196	Mr. Jagmohundas Kaliandas ..	Mr. Jagmohundas Kaliandas	Broker and Landlord	"Krishna Kunj", Ridge Road, Bombay.
197	,, D. S. Captain	Messrs. Captain & Vaidya ..	Solicitors	121, Esplanade Road, Fort, Bombay.
198	,, Lachmandas Harkhchand Daga ..	,, Rai Bahadur Bansilal Abirchand	Millowners and Bankers	18/22, Shaikh Memon Street, Bombay.
199	,, Nemji Nanji ..	,, Kurpal Harsi & Co.	Rice	New Chinch Bunder Road, Bombay.
200	,, Chunilal B. Mehta ..	,, Chunilal Mehta & Co. Ltd.	Cotton and Bullion	51, Marwari Bazar, Bombay.
201	,, Ratilal M. Nanavati ..	,, Kantawala Nanavati & Co. Ltd.	Chemicals and Millstores	28, Apollo St., Fort, Bombay.
202	,, Manu Subedar ..	,, Jeewanlal (1929) Ltd.	Aluminum ware Merchants & Manufacturers	Kodak House, Hornby Road, Bombay.
203	,, Sultan Chinoy ..	The Bombay Garage ..	Motor cars etc.	Opp. Band Stand, Chaupatty, Bombay.
204	,, Rasheed N. Futehally	Messrs. N. Futehally & Co.	Import-Export	19, Bank Street, Fort, Bombay.
205	,, Ballabhdas Eshwardas Agrawal	Mr. Ballabhdas Eshwardas Agrawal ..	Cotton, Grain and Railway Contractor	183, Hornby Road, Fort, Bombay.
206	Mr. Bhawanji A. Khimji	Messrs. Arjan Khimji & Co.	Cotton	Gustad Chamber, Sir P. M. Road, Fort, Bombay.
207	,, Karamchand Chunilal	Mr. Karamchand Chunilal ..	Share Broker	Sital Mahal, 64, Walkeshwar Road, Bombay.
208	,, Kasturbhai Lalbhai ..	,, Kasturbhai Lalbhai ..	Millowner & Agent	Pankore's Naka, Ahmedabad.
209	,, Rustom Pestonji Masani ..	,, Rustom Pestonji Masani	General Merchant	Varsova, Via Andheri.
210	,, Dwarkadas Chhotalal Vakil	,, Dwarkadas Chhotalal Vakil ..	Insurance Agent	2435, East Street, Camp Poona.
211	Rao Bahadur Laxman Vishwanath Pophale	Rao Bahadur Laxman Vishwanath Pophale	Ginning & Pressing Factory	Malegaon (Nasik District).
212	Mr. Pannalalji Hiralalji ..	The Mahaboob Shahi Kulbarga Mills Co. Ltd.	Textile Mills	1727, Gunj Bazar, Secunderabad (Dn.)
213	,, M. L. Dahanukar ..	M. L. Dahanukar & Co. Ltd.	Building Contractor	Shri Krishna Nivas, Kalbadevi Road, Bombay.
214	,, K. M. Madon	The Tata Iron & Steel Co. Ltd.	Iron & Steel Manufacturers	Bombay House, Bruce Street, Fort, Bombay.
215	,, Karsandas Vissanji ..	Messrs. Vissanji Sons & Co.	Wheat and Flour Merchants	9, Wallace Street, Fort, Bombay.
216	,, Nemchand Abhechand	,, Nemchand Khimchand Co.	Pearl Merchants	182, Shaikh Memon Street, Bombay.
217	,, Motilal Bawalal ..	Mr. Motilal Bawalal ..	Share Broker	Agakhan Building, Dalal Street, Fort, Bombay.
218	,, S. C. Majumdar ..	Hindusthan Co-operative Insurance Society Ltd.	Insurance	Commissariat Bldg., Hornby Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
219	Mr. Hargovandas Jeevandas ..	Mr. Hargovandas Jeevandas	Cotton Broker	Diamond Bldg., Lohar Chawl, Bombay.
220	,, Ebrahim Curmally ..	Messrs. Curmally Janmahomed ..	Import-Export	160-62, Samuel Street, Bombay.
221	,, N. W. Gurjar ..	,, Kirloskar Bros. Ltd.	Manufacturers of Agricultural Implements	Kirloskarvadi (Dist. Satara).
222	,, M. I.. Dahanukar ..	The Maharashtra Chamber of Commerce ..	Chamber of Commerce	Phoenix Building, Ballard Estate, Fort, Bombay.
223	,, Jayantilal Devidas ..	Mr. Jayantilal Devidas ..	Iron Merchant	Carnac Bunder, Bombay.
224	Khan Bahadur D. B. Cooper ..	The Cooper Engineering Works ..	Manufacturers of Agricultural Implements	"Huntworth" Satara.
225	Mr. Reginald Herbert Parker ..	Bombay Telephone Co. Ltd.	Telephones	Home Street, Fort, Bombay.
226	,, G. K. Dalal ..	Messrs. Dalal & Mehta ..	Architects, Engineers and Surveyors	41, Medows Street, Fort, Bombay.
227	,, Haribhai B. Naik ..	,, Natverlal & Co. ..	Solicitors	Whiteway Laidlaw Building, Hornby Road, Fort, Bombay.
228	,, G. S. Mahómed ..	Mr. G. S. Mahomed ..	Import-Export and Consular Agent	P. Box No. 3052 Bombay 3.
229	Mr. Tulsidas Khimji ..	Mr. Tulsidas Khimji	Cotton	46, Churchgate Street, Fort, Bombay.
230	,, Jagmohandas J. Kapadia ..	,, Jagmohandas J. Kapadia	Share Broker	Aga Khan Building, Dalal Street, Fort, Bombay.
231	,, A. A. Jasdenvala ..	Messrs. Adamji Lookmanji & Co.	Iron, and Kerosene	127, Fort Street, Fort, Bombay.
232	,, D. Cowasji	,, D. Cowasji & Co. Ltd.	Wine, Provisions, Import and Army Contractors	20, Fort St., Fort, Bombay.
233	,, Fulchand Manekchand Shah	,, Virchand Panachand & Co.	Import-Export	Gaumukh Bhuvan, Masjid Bunder Road, Bombay.
234	,, Khimji Madan Bhujpuria ..	The Bombay Grain Dealers' Association	Trade Association	Bhat Bazar, Mandvi, Bombay.
235	,, Nagindas Tribhowandas Master	Mr. Nagindas Tribhowandas Master	Solicitor	94, Medows Street, Fort, Bombay.
236	Sir Hormusji M. Mehta	Messrs. H. M. Mehta & Co. Ltd.	Millowners and Merchants	Maneckji Wadia Building, Esplanade Rd., Fort, Bom.
237	Mr. Jagjivan Ujamshi ..	Mr. Jagjivan Ujamshi ..	Cotton and Share Broker	195, Kalbadevi Road, Bombay.
238	,, Manilal Mohanlal ..	Messrs. Hemchand Mohanlal & Co.	Diamond Merchants	Dhanji Street, Bombay.
239	,, Erachshaw R. Heerjibehedin	Mr. Erachshaw R. Heerjibehedin	Press and Newspaper publishing	Kaiser-Chambers, Elphinstone Circle, Fort, Bombay.
240	,, Mangaldas B. Mehta ..	Messrs. Amarchand & Mangaldas	Solicitors	Lentin Chambers, Dalal Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
241	Mr. Dewjee Tokarsee Moolji	Mr. Dewjee Tokarsee Moolji	Rice	Bhat Bazar, Mandvi, Bombay.
242	,, Valabhdas Tejpal ..	,, Valabhdas Tejpal ..	Merchant and Commission Agent	219, Vadgadi, Bombay.
243	,, Fakirjee Cowasji ..	Messrs. Cowasji & Sons ..	Stevedores and Coal Merchants	Kimari, Karachi.
244	,, Choonilal Girdharlal ..	,, Choonilal Manilal Ltd.	Coal Merchants	Yusuf Building, Esplanade Road, Fort, Bombay.
245	,, Ratilal Mulji Gandhi ..	The Seeds Traders' Association ..	Trade Association	Jenabai Building, Musjid Bunder Road, Bombay.
246	Sir Chunilal V. Mehta ..	Sir Chunilal V. Mehta ..	Mill Agent and Merchant	Queen's Mansion, Presscott Road, Fort, Bombay.
247	Mr. Amritlal Popatbhai ..	Messrs. Amritlal Popatbhai & Co.	Share Brokers	Agakhan Building, Dalal St., Fort, Bombay.
248	,, Ranchhoddas Jethabhai	,, Ranchhoddas Jeyram & Sons	Rice and Commission Agents	Dongri Street, Bhat Bazar, Bombay.
249	,, K. S. Ramchandra Iyer	The Indian Insurance Companies' Association	Trade Association	Jehangir Wadia Building, Esplanade Road, Fort, Bombay.
250	Mr. Morarji Padamsey ..	Mr. *Morarji Padamsey* ..	Millowner & Agent	Ewart House, Tamarind Lane, Fort, Bombay.
251	,, Thakordas Nanabhai Merchant	,, Thakordas Nanabhai Merchant ..	Solicitor	Khakhar Building, C. P. Tank Road, Bombay.
252	,, Gopaldas Poonja ..	Messrs. Khimji Poonja & Co.	Share and Cotton Brokers	19-21 Dalal Street, Fort, Bombay.
253	Sir Cowasji Jehangir, Bart.	Sir Cowasji Jehangir, Bart.	Merchant and Landlord	Readymoney Mansion, Churchgate St., Fort, Bom.
254	Mr. Balwantrai Mehta ..	Messrs. Saurashtra Ltd. ..	Printers and Publishers	Pauranik Nivas, Shanti Niketan Society, Ahmedabad.
255	,, Dhansukhlal C. Mehta	,, Mehta Vakil & Co.	Share Brokers	Dalal Street, Fort, Bombay.
256	,, Abdultyeb E. Muskati	Mr. Abdultyeb E. Muskati	General Merchant	Muskati House, Mahomedally Road, Bombay.
257	,, Venkatnarayan Patruni	,, Venkatnarayan Patruni	Art Silk Yarn	No. 275, Teland Road, Matunga, Bombay.
258	,, Cassumally Munjee ..	Messrs. Munjee Nathoobhoy & Co.	Cotton and Kerosene	Munjee House, 18-20 Rampart Row, Fort, Bombay.
259	,, K. J. Divecha	,, Wright & Co. ..	Chemists & Druggists	Mint & Frere Road, Fort, Bombay.
260	,, Lalji Ravji	,, Ravji Nensee & Co. ..	Grain & Rice Merchants	Ganpat Napoo Bldg., New Chinch Bunder Rd., Bom.
261	,, Shivjee Devjee.. ..	,, Devjee Kheetsey & Co.	Rice Merchants	New Chinch Bunder Road, Bombay.
262	,, Naranlal Jivanlal ..	The Ahmedabad New Standard Mills Co. Ltd.	Textile Mills	Post Railwaypura, Ahmedabad.

No.	Representative.	Member.	Trade.	Address.
263	Mr. Ravji Ghelabhai ..	The Bombay Rice Merchants' Association	Trade Association	Carnac Bunder, Bombay.
264	„ Shah Shamji Vallabhji	Mr. Shah Shamji Vallabhji	Piecegoods and selling agent to mills	Mulji Jetha Market, Dharamraj Gally, Bombay.
265	„ J. A. D. Naoroji ..	The Tata Oil Mills Co. Ltd.	Oilmillers and Toilet requisites manufacturers	Bombay House, Bruce Street, Fort, Bombay.
266	„ Hargovindas B. Kotak	Messrs. Kotak & Co. ..	Cotton Export	Navsari Building, Hornby Road, Fort. Bombay.
267	„ Anandji Haridas ..	The Bombay Iron Merchants' Association	Trade Association	Carnac Bunder, Bombay.
268	„ Capt. J. D. Kothawala, J.P.	Messrs. Polson Mfg. Co. ..	Coffee & Butter Manufacturers	217-219, Frere Road, Fort, Bombay.
269	„ Manekshah N. Pochkhanawalla	„ Wadia Ghandy & Co.	Solicitors	123, Esplanade Road, Fort, Bombay.
270	„ Bhogilal C. Shah	The Chamber of Income-tax Consultants ..	Trade Association (Association of Income-tax Experts)	15, Jiji House, Ravelin Street, Fort, Bombay.
271	„ Shantikumar Narottam Morarji	The Indian National Steamship Owners' Association.	Trade Association	Sudama House, Wittet Rd., Ballard Estate, Fort, Bom.
272	„ Dharamdas Samaldas Purbhoodas	Mr. Dharamdas Samaldas Purbhoodas	Share Broker	P.O. Box 536, Fort, Bombay.
273	Mr. Nandlal M. Bhuta ..	Messrs. M. Bhuta & Co. ..	Export of Indian Produce	88, Musjid Bunder Road, Mandvi, Bombay.
274	„ Nadirshaw Kawasjee ..	The Godrej Soaps Ltd. ..	Merchants and Import-Export	121, Esplanade Rd., Fort, Bombay.
275	Sir Dossabhoy H. Bhiwandiwalla	„ Hormasji Manekji, Dossabhoy Hormasji Bhiwandiwalla & Co.	Excise Contractors and Salt Manufacturers	583, Chira Bazar, Bombay.
276	Mr. Jehangir B. Manekji	The General Engineering Corporation, Ltd. ..	Electrical Engineers	91, Apollo Street, Fort, Bombay.
277	„ C. G. Fozdar	The Asian Assurance Co. Ltd.	Insurance	Asian Building, Ballard Estate, Fort, Bombay.
278	„ Ratilal Nathalal ..	Mr. Ratilal Nathalal ..	Mill Agent	C/o The New Commercial Mills Co., Ltd., P. O. Railwaypura, Ahmedabad.
279	„ Sakarlal Balabhai ..	The Sarangpur Cotton Mfg. Co. Ltd.	Textile Mills	Ahmedabad.
280	„ Motilal H. Parikh ..	Messrs. Lallubhai Amichand	Aluminum, Brass & Copper Utensils Manufacturer	554, Kansara Chawl, Pydhownie, Bombay.
281	„ N. M. Sampat ..	„ S. Mitra & Co. ..	Importt of Electroplating & Metalpolishing Machinery	210, Kelewadi, Girgaum Road, Bombay
282	„ Byramjee Hormusjee	The Zenith Life Assurance Co. Ltd. ..	Life Assurance	Manekji Wadia Bldg., Esplanade Road, Fort, Bombay.
283	„ Motiram Narayan Desai	Messrs. Anant Shivaji Desai	Aluminium & German Silver Utensils Manufacturer	Moti Bazar, Bombay.
284	„ Pranjivandas U. Patel	National Insurance Co. Ltd.	Insurance	National Insurance Building, Hornby Rd., Fort, Bom.
285	„ D. P. Tata	The Bombay Kariana Merchants' Association	Trade Association	222-4, Vadgadi, Mandvi, Bombay.

No.	Representative.	Member.	Trade.	Address.
286	Mr. Lallubhai Chunilal ..	The Indian Match Manufacturers' Association	Trade Association	121, Nagdevi Street, Bombay.
287	,, Vithaldas Kanji ..	The Wallace Flour Mills Co. Ltd.	Flour Milling	9, Wallace Street, Fort, Bombay.
288	,, Sitaldas Tirathdas ..	Messrs. Sitaldas Tirathdas ..	Shroffs & Exchange Brokers	64, Multani's Wadi, Walkeshwar Road, Bombay.
289	,, Hassanally Shermahomed ..	Mr. Hasanally Shermahomed	General Merchant and Matches	39, Pydhonie Road, Khadak, Bombay.
290	,, Dharamdas Hargovandas ..	,, Dharamdas Hargovandas	Merchant and Landlord	Diamond Bldg., Lohar Chawl, Bombay.
291	,, Bhogilal Hargovindas Patel	Messrs. Das & Co.	Millstores and Chemicals	59, Apollo St., Fort, Bombay.
292	,, Rahim Ebrahim ..	,, Ebrahim Currim & Sons	Umbrella Merchants & Manufacturers	Rahim Building, Princess Street, Bombay.
293	Dr. Kalimudin	The Bombay Soap Factory	Soap Manufacturers	Ripon Road Cross Lane, Madanpura, Bombay.
294	Mr. A. G. Gray	The Bank of India Ltd. ..	Bankers	Hornby Rd., Fort, Bombay.
295	,, Nandvadan Jhaverilal Gor ..	Mr. Nandvadan Jhaverilal Gor	Insurance Agent	Mehrwan Building, Sir P. M. Road, Fort, Bombay.
296	Mr. S. B. Dalal	Messrs. Birla Bros. Ltd. ..	Import-Export	Jehangir Wadia Building, Esplanade Rd., Fort, Bom.
297	,, N. J. Shah.	The Bombay Mutual Life Assurance Society Ltd.	Insurance	Bombay Mutual Bldg., Hornby Road, Fort, Bom.
298	,, A. S. Trollip	The Bombay Electric Supply & Tramways Co. Ltd.	Electric Power & Traction	Electric House, Fort, Bom.
299	,, Purshotamdas Popatlal	Messrs. Purshotamdas Popatlal & Co.	Import-Export	39, Hamam Street, Fort, Bombay.
300	,, Jethmal Thakursingh Lalvani	,, J. B. Advani & Co. Ltd.	Paper Merchants	27, Mangaldas Rd., Bombay.
301	,, H. Edwin Jones ..	The Oriental Govt. Security Life Assurance Co. Ltd.	Insurance	Oriental Building, Hornby Road, Fort, Bombay.
302	,, N. B. Mehta	The Central India Spg. Wg. & Mfg. Co. Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
303	,, H. N. Vakil	The Andhra Valley Power Supply Co. Ltd.	Electric Power	Do.
304	,, N. B. Davar	The Tata Power Co. Ltd. ..	Do.	Do.
305	,, V. C. Setalvad ..	Mr. V. C. Setalvad.	Insurance Agent	C/o The Industrial & Prudential Assurance Co. Ltd., Jehangir Wadia Bldg., Esplanade Road, Fort, Bom.
306	,, Chiranjilal Loyalka ..	Messrs. R. B. Loyalka. ..	Cotton and Share Brokers	New Stock Exchange Bldg., Share Bazar, Fort, Bom.
307	,, Ebrahim Dawood Kazi	Mr. Ebrahim Dawood Kazi	Timber	Pine Mansion, Mazagaon, Bombay.
308	,, Dorab R. Davar ..	Messrs. Cornelius & Davar ..	Public Accountants and Auditors	80, Esplanade Road, Fort, Bombay.

No.	Representative.	Member.	Trade	Address.
309	Mr. Chimanlal Manchubhai	Mr. Chimanlal Manchubhai	Banker and Commission Agent	183, Cadell Road, Mahim, Bombay.
310	,, Amritlal Hargovandas	Messrs. Hargovandas Lakhmichand ..	Bankers, Shroff and Grain Merchants	Manek Chowk, Ahmedabad.
311	,, Albert Smith	The British India General Insurance Co. Ltd.	Insurance	35-43, Churchgate Street, Fort, Bombay.
312	,, Harivallabhdas Kalidas	,, Shri Ambica Mills Ltd.	Textile Mills	Post Railwaypura, Ahmedabad.
313	,, Narotam Vithal Purshotum ..	,, Vithal Purshotum & Son ..	Iron Founders and Engineers	Sandhurst Road, 2nd Khetwady Lane, Bombay.
314	,, W. G. Groundwater ..	The Bank of Baroda Ltd.	Bankers	Baroda.
315	Mrs. Lilavati K. Munshi ..	Swadeshi Market Committee	Trade Association	Kalbadevi Road, Bombay.
316	Mr Gunvantlal Varajdas Kapadia ..	Mr. Gunvantlal Varajdas Kapadia ..	Solicitor	C/o Dikshit Maneklal & Co., Solicitors, 23, Medows St., Fort, Bombay.
317	Mr. Bapalal P. Parikh ..	The Ahmedabad Jupiter Spg. Wvg. & Mfg. Co. Ltd.	Textile Mills	Dudheshwar Road, Ahmedabad.
318	,, Shivlal N. Maniar ..	Shri Mahajan Association Ltd.	Trade Association	Patwa Chawl, Shaikh Memon Street, Bombay.
319	,, Jaysinglal P. Mehta ..	Mr. Jaysinglal P. Mehta ..	Shipping	C/o The Bombay Steam Navigation Co. Ltd., 100, Frere Road, Bombay.
320	,, Anandji Haridas ..	Messrs. Anandji Haridas & Co. Ltd. ..	Iron	Argyle Road, Carnac Bunder, Bombay.
321	,, Chamanlal Popatlal Mehta	,, C. Mehta & Co. ..	Mill and Gin Stores	Ghelabhai Mansion, Chaupatty, Bombay.
322	,, Thakordas P. Shah ..	,, Thakordas & Co. ..	Iusurance Agents :	65, Esplanade Rd., Bombay.
323	,, Narandas Ranchhordas Cantol	Mr. Narandas Ranchhordas Cantol ..	Share & Stock Broker	C/o Chugondas & Co., 17, Elphinstone Circle, Fort, Bom.
324	,, Damodar M. Gandhi ..	Messrs. Gandhi & Co. ..	Coal Merchants	94, Medows Street, Fort, Bombay.
325	,, Jayantilal Girdharlal Shah	Mr. Jayantilal Girdharlal Shah ..	Insurance Agent	Raghasutaria Pole, Khadia, Ahmedabad.
326	,, Madhukar Gulabshanker Bakshi ..	,, Madhukar Gulabshanker Bakshi ..	Do.	C/o Sir Chinubhoy Madhavlal, Gandhi Road, Ahmedabad.
327	,, Krishnaprasad C. Desai	The Hukumchand Insurance Co. Ltd. ..	Insurance	Jehangir Wadia Bldg., Esplanade Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
328	Mr. Mathuradas Dwarkadas	Mr. Mathuradas Dwarkadas	Piecegoods	Ewart House, Tamarind Lane, Fort, Bombay.
329	,, Madhavsinh Kanji ..	The Acme Mfg. Co. Ltd. ..	Manufacturers of Metal wares	9, Wallace Street, Fort, Bombay.
330	,, Pratapsinh Mathuradas	Messrs. Vissanji Khimji & Co.	Cotton	9, Wallace Street, Fort, Bombay.
331	,, G. C. Kothari ..	,, Chimanlal Desai & Co. ..	Import and Merchants	Gool Mansion, Homji Street, Sir P. M. Rd., Fort, Bom.
332	,, Purshottam Meghji ..	,, Purshottam Bhanji & Co. ..	Gunny and Hessian Merchants	Old Bardan Gully, Isaji Street, Bombay.
333	,, Hariram Jethabhai ..	Mr. Hariram Jethabhai ..	Merchant	Jethabhai Bldg., Soparibaug Road, Parel, Bombay.
334	,, Virchand Meghji ..	,, Virchand Meghji ..	Cotton	C/o Messrs. Gill & Co., Ballard Estate, Fort, Bombay.
335	,, Jethalal Dharsey ..	,, Jethalal & Co. ..	Cotton Brokers	59, Marwari Bazar, Bombay.
356	Mr. Choonilal Dahyabhai	Messrs. Choonilal Dahyabhai & Co.	Chemists & Druggists	Princess Street, Bombay.
337	,, Mohammed Reza Haji Shariff ..	The Eastern Steam Navigation Co. Ltd.	Shipping	24, Mangalore Street, Fort, Bombay.
338	,, Umakant Shrirang Desai	Mr. Umakant Shrirang Desai	Stock Broker	Aga Khan Building, 26, Dalal Street, Fort, Bombay.
339	,, G. M. Bhuta	Messrs. Master Sathe & Bhuta ..	Chartered Architects and Surveyors for Insurance Cos.	Hamam Street, Fort, Bombay.
340	,, Maneklal Pranlal Shah	The Gold Filled Leather Works ..	Leather & Canvas goods manufacturers	Bhangwadi, Kalbadevi Road, Bombay.
341	,, G. I. Patel	Messrs. Gordhandas Desai & Co.	Manufacturers' Agents in Scientific Instruments	Kermani Building, Sir P. M. Road, Fort, Bombay.
342	,, N. B. Bhagat ..	,, Bhagat & Sons ..	Engineers and Contractors	Siwri Fort Road, Bombay.
343	,, Vijaysinh Govindji ..	The Indian Globe Insurance Co. Ltd.	Insurance	Prospect Chamber, Hornby Road, Fort, Bombay.
344	,, Pallanji Pestonji ..	Messrs. Muncherji Vadilal & Co.	Carting Contractors	Cotton Depot, Mazagaon, Bombay.
345	,, Shavakshaw Fakirji Dhalla.	,, Fakirji Rustomji & Sons	Railway Contractors	Carnac Bridge Goods Station, Bombay.
346	,, Pratapray Manmohandas ..	,, Pratapray Amritlal & Co.	Cotton Brokers	Ranchhoddas Tribhovandas Bldg., Marwari Bazar, Bombay.
347	,, Mathradas Haridas ..	,, Damodar Anandji ..	Hemp Merchants	66, Karwar Street, Fort, Bombay.
348	,, Mahomed Husein Hasham Premji ..	,, Hasham Premji ..	Rice	Rice Godown Carnac Bunder, Bombay.

No.	Representative	Member.	Trade.	Address.
349	Mr. Kaikhusru A. Dubash	Messrs. Ardeshir B. Cursetjee & Sons ..	Merchants	6, Rampart Row, Fort, Bombay.
350	,, Madhavji Hariram ..	,, Manilal Mooljee Rangwalla	Colour Merchants	Samuel Street, Vadgadi, Bombay.
351	,, Shiavax C. Cambata	The Hirdagarh Collieries, Ltd.	Colliery Owners	101, Queen's Road, Bombay.
352	,, Laxmidas Bhawanidas Vora ..	Mr. Laxmidas Bhawanidas Vora	Landlord and Merchant	675, Old Hanuman Lane, Bombay.
353	,, Shamji Karamsi ..	Messrs. Shamji Karamsi & Co.	Cotton Merchants and Exporters	27, Chinchbunder Road, Bombay.
354	,, Thackersey Hirji Nensey	,, Hirji Nensey & Co. ..	Cotton Merchants	7, Elphinstone Circle, Fort, Bombay
355	,, B. D. Sardesai ..	The Hindustan Construction Co. Ltd.	Building Contractors	Phoenix Bldg., Ballard Estate, Fort, Bombay.
356	,, Rantanchand Khimchand Motishaw ..	Messrs. R. K. Motishaw	Share and Stock Brokers	Apollo Street, Motilal Mansion, Fort, Bombay.
357	,, T. G. Patel	The Indian Hume Pipe Co. Ltd.	Manufacturers of Reinforced Concrete Pipes	Sholapur.
358	Mr. Lalchand Hirachand	Mr. Lalchand Hirachand ..	Agriculture and Sugar manufacture	Post Ravalgaon (Dt. Nasik).
359	,, Thakorlal H. Vakil ..	Messrs. Vakil Brothers ..	Coal Merchants	43, Apollo Street, Fort, Bombay.
360	,, R. G. Saraiya ..	The Broach City Press Co. Ltd. ..	Cotton Ginning and Pressing Piecegoods	Navsari Chambers, Outram Road, Fort, Bombay.
361	,, Narottam Keshavlal Shah ..	Mr. Narottam Keshavlal Shah ..		C/o Messrs. Savailal Maneklal, M. J. Mkt., Narain Chowk, Bom.
362	,, D. M Soni	The Northland Sports Works	Sports goods manufacturers	Sialkot (Punjab).
363	,, Ratilal T. Parekh ..	The Muccadam Association	Trade Association	Wakefield House, Ballard Estate, Bombay.
364	,, N. B. Bhagat ..	Messrs. Annar & Co. ..	Soap Manufacturers & General Analytical Chemists	Jhaveri Villa, Gilder Lane, Lamington Rd. North, Bom.
365	,, F. C. Talwar	Mr. F. C. Talwar	Export	Shantaram House, M. Hill, Bombay.
366	,, Ramdas Khimji ..	Messrs. Ramdas Khimji Bros. ..	Cotton Merchants and Cotton Ginning & Pressing	Albert Bldg. Hornby Road, Fort, Bombay.
367	,, E. S. Patanwala ..	Mr. E. S. Patanwala ..	Perfumery & Toilet requisite manufacturer	182-184, Abdulrehman Street, Bombay.
368	,, Ahmed Ebrahim ..	Messrs. Ahmed Ebrahim Brothers ..	Hosiery manufacture and Import of Hosiery and Piecegoods	716-720, Merchant Street, Rangoon.
369	,, Dhunjishaw H. Joshi	International Oil Co. Ltd. ..	Agents and Distributors of Petrol	17, Ravelin Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
370	Mr. S. C. Banerji. ..	Messrs. Marsland Price & Co. Ltd.	Reinforced Concrete Specialists and Sugar manufacture	Phoenix Building, Ballard Estate, Fort, Bombay.
371	„ Chhotabhai S. Patel ..	The Swastik Oil Mills Ltd. ..	Oil Mills and By-products	27, Bastion Road, Fort, Bombay.
372	„ Mahadev M. Singhi ..	The Cotton Agents Ltd. ..	Merchants & Commission Agents	51, Esplanade Road, Fort, Bombay.
373	„ Amratlal Kalidas ..	Mr. Amratlal Kalidas ..	Share Broker	New Stock Exchange Bldg., Dalal St., Fort, Bombay.
374	„ Harilal Narottam Contractor	Messrs. Ranchhodji Ramji & Co.	Building and Constructional Contractors	Chikalwadi, Bombay.
375	„ Purshotamdas Harkisoudas ..	The Bombay Cotton Merchants & Muccadums Association, Ltd.	Trade Association	Cotton Exchange, Sewree, Bombay.
376	„ Jamnadas Meghji ..	Messrs. Jamnadas Meghji & Co.	Import-Export and Manufacturers' Representatives	15, Bastion Road, Fort, Bombay.
377	„ Hirji Lakhmidas ..	Mr. Hirji Lakhmidas ..	Cotton Waste Merchant	C/o Virji Peraj Maskai, Maskai Bldg., 106, Bhandari St., Bom.
378	„ Valjee Ladha	Messrs. Valjee Ladha & Co.	Cotton Merchants & Commission Agents	Dongri St., Mandvi, Bombay.
379	„ Premchand C. Bhayani	„ Jamnadas Chaturbhuj & Bro. ..	Mill & Gin Stores	55, Nagdevi Cross Lane, Bombay.
380	Mr. Ramji Ravji ..	Messrs. Narsi Nagsee & Co.	Cotton Merchants	3, Chinch Bunder, Bombay.
381	„ Mancherji N. Cama ..	Mr. Mancherji Nasarvanji Cama ..	Newspapers and publishing	Cama Chamber, Medows Street, Fort, Bombay.
382	„ Ram Nath Chopra ..	The Lakshmi Insurance Co. Ltd. ..	Insurance	Kamer Bldg., Cowasji Patel St., Bombay.
383	„ D. J. Irani	Messrs. Mulla & Mulla ..	Solicitors	51, Esplanade Road, Fort, Bombay.
384	Rai Bahadur Jagmal Raja	Rai Bahadur Jagmal Raja ..	Glass Works and Colliery	The Bombay Glass Works, Matunga, Bombay.
385	Mr. Chimanlal Bapalal Parikh ..	The Bombay Uganda Co. Ltd.	Cotton	28, Apollo Street, Fort, Bombay.
386	„ Chandulal P. Parikh	Messrs. C. Parakh & Co. ..	Do.	28, Apollo Street, Fort, Bombay.
387	„ Vishram Walji	„ Walji Bhimji & Sons	Engineers and Contractors and Coal Merchants	Ghoradongri (Dist. Betul C. P.).
388	„ Sikander Khan Dehlvi	The Eastern Federal Union Insurance Co. Ltd. ..	Insurance	Phoenix Bldg., Ballard Estate, Fort, Bombay.
389	„ Vallabhdas Vasanji ..	The Bombay Malabar Kariana Merchants' Association	Trade Association	Katha Bazar, Bombay.
390	„ Bhulabhai J. Desai ..	Mr. Bhulabhai J. Desai ..	Advocate	89, Warden Road, Bombay.
391	„ Maganlal Bhikhabhai Patel ..	The New Rajpur Mills Co. Ltd. ..	Textile Mills	Gomtipur Rd., Railwaypura, Ahmedabad.
392	„ Nanalal Keshavji *Khitani* ..	Messrs. B. Durlabhji & Co.	Importers	Shri Krishna Nivas, Kalbadevi Road, Bombay.

No.	Representative.	Member.	Trade.	Address
393	Mr. Chimanlal Bhogilal Desai ..	The Sagar Movietone Co.	Talkie Producers	68, Nepeansea Road, Bombay.
394	,, Navalchand Tarachand Shah ..	Mr. Navalchand Tarachand Shah	Share, Stock and Finance Broker	Agakhan Building, Dalal Street, Fort, Bombay.
395	,, Madanlal Paliram ..	Messrs. Brijlal Madanlal ..	Cotton	C/o Messrs. Harnandrai Ramnarayan, Kalbadevi Rd., Bom.
396	,, Shantilal Vadilal ..	,, Shantilal Vadilal & Co.	Mill and Gin Stores	Revdi Bazar Cross Lane, Ahmedabad.
397	,, Mansukhlal Sukhlal Tarwala ..	Mr. Mansukhlal Sukhlal Tarwala	Share Broker	48, Marwari Bazar, Bombay.
398	,, Kalidas Jasraj ..	Messrs. Kalidas Jasraj ..	Cotton	Marwari Bazar, Bombay.
399	,, Lalji Morarji	Messrs. Bhawanji Lakhmidas & Co.	Cotton and Commission Agents	72-80, Musjid Bunder Road, Bombay.
400	,, Nanji Kalidas	,, Shamji Kalidas & Co.	Merchants, Commission Agents and Exporters	12, Champa Galli, Mulji Jetha Bldg., Bombay.
401	,, Gajanand Gumaniram	,, Gajanand Gumaniram	Cotton Brokers	50-52, Marwari Bazar, Bombay.
402	Mr. Chandulal Kasturchand	Messrs. Chandulal Kasturchand ..	Cotton	59, Marwari Bazar, Bombay.
403	,, Keshavlal Premchand	,, Chimanlal Premchand	Cotton and Commission Agents	Piperdi's Pole in Hajapatel's Pole, Ahmedabad.
404	,, Chandulal Laxmichand Khokhani	,, Chandulal L. Khokhani & Co. ..	Manufacturing Jewellers	167-69 Shaikh Memon Street, Bombay.
405	,, Mangulal Trikamlal Parikh	,, Bapulal Trikamla Parikh ..	Shroffs and Commission Agents	Ganeshwadi, Bombay.
406	,, Bhanji Devji Khimji	The Arjan Khimji Ginning & Pressing Co. Ltd.	Cotton	Gustad Chambers, 1st Floor, Sir P. M. Rd., Fort, Bombay.
407	,, Moolji Dayal	Shree Sajjan Mills Ltd. ..	Textile Mills	28, Apollo Street, Fort, Bombay.
408	,, Kashibhai U. Patel ..	Kopran Chemical Co. Ltd.	Pharmaceutical and Toilet preparations	Colaba, Bombay.
409	,, Jethabhai J. Kotak ..	Messrs. Purshotamdas Madhavani & Co.	Import-Export	8, Elphinstone Circle, Fort, Bombay.
410	,, Murarji Jadavji Vaidya	,, Hansraj Sons ..	Millowners and Agents	Bombay Silk Mills, Colaba, Bombay.
411	,, Ratilal T. Thakkar ..	,, Ratilal & Co. ..	Cotton	Opp. New Cotton Exchange, 1-3, Bhuleshwar Corner, Bom.
412	,, Durlabhji Umedchand Parikh	,, Durlabhji Umedchand Co.	Cotton, Seeds and Bullion Brokers	63, Shaikh Memon Street, Bombay.
413	,, Mohanlal A. Parikh ..	,, Mohanlal Hargovinddas & Co.	Shroff and Commission Agents	51, Dadyshet Agyari Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
414	Mr. E. S. Marker.. ..	Messrs. Marker Goldsteane & Co. ..	Electrical and Sanitary Engineers and Contractors	*Ismail Bldg., 381, Hornby Road, Fort, Bombay.*
415	,, Padmakant Jekisondas Shroff	Mr. Padmakant Jekisondas Shroff	Share & Stock Broker	*15, Hamam Street, Fort,* Bombay.
416	,, Kalyanji Mavji ..	,, Kalyanji Mavji ..	Coal Merchant	*55, Apollo St., Fort, Bombay.*
417	,, Harkishandas Narottamdas ..	Messrs. Narottamdas Premchand & Sons	Grain Merchants & Commission Agents	Bhawani Peth, Poona City.
418	,, K. B. Mehta	,, Kantilal Balabhai Mehta	Shipping (Br. Manager, B.S.N. Co.)	Bhavnagar Para.
419	,, K. C. Desai	,, Keshavprasad Chhotalal Desai	Insurance (Manager of Insurance Companies)	Industrial & Prudential Assurance Co. Ltd., 51, Esplanade Road, Fort, Bombay.
420	,, Dinsha D. Shroff ..	,, Dinsha D. Shroff	Auditor	Mahalaxmivala Bldg., Churchgate Reclamation, Bombay.
421	,, Jethalal D. Dave, Vaidya	,, Jethalal D. Dave, Vaidya	Ayurvedic Medicines	C/o Bhagyodaya Press, Ahmedabad.
422	,, Gokaldas M. Kapadia	Messrs. B. Gokaldas & Co.	Piecegoods	187, Princess St., Bombay.
423	Mr. Mayabhai M. Teli ..	The Indian Cotton Oil Mill	Cottonseeds crushing	Navsari.
424	,, Chandulal Sarabhai Modi.	Messrs. Sarabhai & Co.	Importing Agents	Elphinstone Circle, Fort, Bombay.
425	,, Bhikhabhai Laxmidas	The Bombay Oil Merchants' Association ..	Trade Association	C/o Mulji Jaitha & Co., Katha Bazar, Bombay.
426	,, Ambalal Bhogilal Parikh	The Metal Exchange Association	Do.	42, Marwadi Jamnadas Bansidher's Mala, 2nd Bhoiwada, Kalbadevi, Bombay.
427	,, P. Ranchhoddas ..	Sunderdas Saw Mills.. ..	Furniture Manufacturers	Opp. Reay Road Station, Bombay.
428	,, Jivanlal Chunilal Chinai	Messrs. Nagindas Fulchand Chinai	Raw Silk	Chinai Bldg., 79, Musjid Bunder Road, Bombay.
429	,, N. H. Pujara ..	,, Ahmed Oomerbhoy	Oil Millers and Exporters	Two Tanks, Grant Road, Bombay.
430	,, V. H. Hazarat ..	,, Hazarat & Co. ..	Export of Indian Yarn and Import of foreign yarns, etc.	106, Cowasji Patel Street, Fort, Bombay.
431	,, Ravjibhai Nathabhai Amin	Indo-Stationery Mart.. ..	Stationers & Printers	Red Bldg., Parsi Bazar St., Fort, Bombay.
432	,, S. K. Khandwala ..	Messrs. Manilal Mohanlal Parikh	Mill & Gin Stores	C/o Ramchandra & Co., Kapasia Bazar, Ahmedabad.
433	,, Dwarkadas Haridas Vakharia	,, Popatlal Ghellabhai & Co.	Hosiery	104, Chakla Street, Bombay.
434	,, Lakhamsi Ghelabhai Shah	,, Lalji Poonsi & Co. ..	Grain and Rice	3, Chinch Bunder Road, Bombay.
435	,, Jadavji Narshidas ..	,, Narshidas Jagjivandas	Cotton and Seeds	Danapith, Bhavnagar (Kathiawar).

	Representative.	Member.	Trade.	Address.
436	Mr. Chhotalal Nanchand	Messrs. Shah Nanchand Anandji ..	Sugar and Cotton	Dan p th, Bhavnagar (Kathiawar).
437	,, Parbhulal Chunilal Shah	,, Trivedi Shah & Co. ..	Insurance Representatives and Commission Agents	Mubarak Manzil, Apollo Street, Fort, Bombay,
438	,, Nagappa Arleppa Abdulpurkar	Mr. Nagappa Arleppa Abdulpurkar ..	Cloth, Cotton, Yarn & Banking	Mangalwar Peth, Sholapur.
439	,, N. R. Kembhavi ..	,, N. R. Kembhavi ..	Banker and Merchant	Bijapur.
440	,, Uttamchand Chunilal	,, Uttamchand Chunilal ..	Cotton and Commission Agent	Bijapur.
441	,, Harilal J. Trivedi ..	Messrs. Chhaganlal Khimji & Co. ..	Flour Merchants	Duncan Road, Bombay.
442	,, Raghubar Dayal Meattle	,, Jugalkishore Mukatlal	Cotton, Seeds and Grain Merchants & Brokers	178–80, Kalbadevi Road, Bombay.
443	,, Premji Keshavji ..	Mr. Premji Keshavji ..	Cotton and Commission Agent	Opp. Railway Station, Surat.
444	Mr. Purshottambhai Surchand ..	Messrs. Purshottam Surchand ..	Bankers, Commission Agents, Grain, Seeds & Cotton	Mangaldas Road, Princess Street, Bombay.
445	,, Govindramji	,, Govindram Seksaria	Bankers and Commission Agents	Bansilal Abeerchand Bldg., 18, Marwari Bazar, Bombay.
446	,, Gordhandas Jamnadas	,, Gordhandas Jamnadas & Co.	Seeds and Wheat	Jenabai Bldg., Musjid Bunder Road, Mandvi, Bombay.
447	,, Shriman Shripat ..	,, Shripat Gordhandas & Sons	Share & Stock Brokers	C/o M/s. Killick Nixon & Co., Home Street, Fort, Bombay.
448	,, Haridas Madhavdas ..	,, Madhavdas Amersey & Co. ..	Cotton	65, Esplanade Road, Fort, Bombay.
449	,, Hemraj Anandilal ..	,, Anandilal Hemraj & Co. ..	Do.	32, Marwari Bazar, Bombay.
450	,, Harbilas Shambhooram	,, Harbilas Gangadutt ..	Commission Agents and Brokers	220/24, Kalbadevi Rd., Opp. Nar Narayan Temple, Bom.
451	,, Gangaram Agarwala	,, Shivdanmal Agarwala	Brokers and Commission Agents	336/B, Surajmals' Chawl, Kalbadevi Road, Bombay.
452	,, Parmeshwarlal Duwarkadass ..	,, Basantlal Gorakhram	Shroffs and Commission Agents	Raj Mahal, Bhuleshwar, Bombay.
453	,, Ratansey Karsondas ..	,, Madhavsinh & Co. ..	Flour Merchants	Two Tanks, Duncan Road, Bombay.
454	,, Hansraj Goculdas ..	,, Mathuradas Kanji ..	Merchants and Muccadums	9, Wallace Street, Fort, Bombay.
455	,, Ghelabhai Soonderji ..	,, Monji Soonderji ..	Piecegoods	71/73, Chakla Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
456	Mr. Chandulal Kalidas Shah	Mr. Chandulal Kalidas Shah	Mill and Gin Stores	653, Gandhi Road, Ahmedabad.
457	„ Chandulal Bapalal Chokshi	„ Chandulal Bapalal Chokshi	Share Broker	Dhana Sutar's Pole, Kalupur, Ahmedabad.
458	„ Chhabildas V. Gajjar	Messrs. Mistry & Gajjar (India) Ltd.	Engineering	Kapasia Bazar, Railwaypura Post, Ahmedabad.
459	„ Hiralal N. Desai ..	„ H. Desai & Co. ..	Insurance Underwriters	Khadia, Golvad, Ahmedabad.
460	„ Nandlal Chhaganlal ..	„ Dharamsi Dinkarrau & Nandlal	Solicitors	Fort Chambers, Dean Lane, Bombay.
461	„ Mahadeo A. Dhoria ..	„ Anand Jetha & Sons	Engineers, Builders and Contractors	2, Sholapur Road, Poona.
462	„ Chandulal T. Shah ..	„ C. T. Shah & Co. ..	Insurance Agents	12, Rampart Row, Fort, Bombay.
463	„ Nemidas Dewjee Tokarsee ..	Mr. Nemidas Dewjee Tokarsee	Rice	C/o M/s. Dewjee Tokarsee & Co., Bhat Bazar, Bombay.
464	Mr. M. M. Mundkur ..	The Bombay Fire & General Insurance Co. Ltd.	Insurance	45-47, Churchgate Street, Fort, Bombay.
465	„ Ramdas Girdhardas ..	Messrs. Ramdas Girdhardas & Co. ..	Piecegoods	M. J. Market, Ghadial Gulli, Bombay.
466	„ Gordhandas Jadavji ..	„ Doongarsi Gangji & Co.	Commission Agents and Merchants	84, Musjid Bunder Road, Bombay.
467	„ S. D. Prabhavalkar ..	Mr. S. D. Prabhavalkar ..	Engineer and Contractor	166, Bible House, Hornby Road, Fort, Bombay.
468	„ Dorab Framji Kapadia	„ Dorab Framji Kapadia	Textile Industry	24, Walkeshwar Road, Malbar Hill, Bombay.
469	„ Dungarsi Ravjee ..	Messrs. Ravjee Dhanjee & Co. ..	Rice and Grain	Clive Road, Dana Bunder, Bombay.
470	„ Jamnadas M. Rajput	Allied Advertising Association of India ..	Publicity Consultants	Commissariat Bldg., 231, Hornby Rd., Fort, Bombay.
471	„ Nariman D. Adenwalla	Messrs. Nariman D. Adenwalla & Co. ..	Accountants and Auditors	418, Chhotalal Bhuvan, Kalbadevi Road, Bombay.
472	„ Sarabhai Dahyabhai Sheth	Mr. Sarabhai Dahyabhai Sheth ..	Share Broker & Merchant	Ratan Pole, Ahmedabad.
473	„ Amarsey Jinabhai Bhimjiani	Messrs. Thomas & Co. ..	Insurance Agents	Coronation Bldg., Gunbow Street, Fort, Bombay.
474	„ Vasantray A. Ojha	„ Amritlal Ojha & Sons ..	Colliery	Rahman Bldgs., Churchgate Street, Fort, Bombay.
475	„ Jal Hirji Taraporevala	Mr. Jal Hirji Taraporevala	Bookseller, Publisher, etc.	C/o M/s. D. B. Taraporevala Sons & Co., 210, Hornby Road, Fort, Bombay.
476	„ Chhotalal Dharamsi Joshi ..	Messrs Bechardas Govindji & Co. ..	Import-Export and General Commission Agents	106, Bhandari St, Bombay.

No.	Representative.	Member.	Trade.	Address.
477	Mr. Parshotamdas Popatlal	The Bombay Yarn & Silk Merchants' Association	Trade Association	Tamba Kanta, Bombay.
478	,, Yacoob H. A. Lalljee	Messrs. Hooseinbhoy Abdoolabhoy Lalljee & Co.	Insurance Agents and Import-Export	Standard Bldg., Hornby Road, Fort, Bombay.
479	,, Bodh Raj Tannan	Mr. Bodh Raj Tannan	Chartered Accountant	Bank of Baroda Bldg., Apollo Street, Fort, Bombay.
480	,, S. H. Mehta	The Bank of Hindustan Ltd.	Bankers	35, Churchgate Street, Fort, Bombay.
481	,, Bhogilal Laherchand	The Bombay Diamond Merchants' Association	Trade Association	114-16, Khara Kuva, Javeri Bazar, Bombay.
482	,, Esmail A. G. Moloobhai	Messrs. Goolamhusein Moloobhai	Share, Stock & Exchange Brokers	76, Tamarind Lane, Fort, Bombay.
483	,, Narayandas Girdhardas	Mr. Narayandas Girdhardas	Insurance, Banking and Mining	Khooshaldas Gardens, Kilpauk, Madras.
484	,, Shantaram Raghunath Shirgaokar	,, Shantaram Raghunath Shirgaokar	Sugar manufacture	C/o Kolhapur Sugar Mills Ltd., Kolhapur—Shahupuri.
485	,, Ruttonshaw Pestonjee Dalal	,, Ruttonshaw Pestonjee Dalal	Incorporated & Registered Accountant	Trafford House, Prescott Road, Fort, Bombay.
486	Mr. R S. Kodange	The Indian Bank Ltd.	Bankers	56, Esplanade Road, Fort, Bombay.
487	,, Nowrosji Maneckji Bhathena ..	Mr. Nowrosji Maneckji Bhathena ..	Consulting Chemist & Chemical Engineer	8, Reynolds Road, Byculla, Bombay.
488	,, A. R. Bhat ..	The Mahratta Chamber of Commerce and Industries	Chamber of Commerce	New Kitab Building, Laxmi Road, Poona City.
489	,, B. S. Dabke ..	Mr. B. S. Dabke ..	Piecegoods and Sugar	315, Vithaibhai Patel Road, Bombay.
490	,, J. L. Mehta ..	The Bombay Life Assurance Co. Ltd.	Life Assurance Business	45-47, Churchgate Street, Fort, Bombay.
491	,, Venkatrao Sista ..	Sista's Sales & Publicity Service	Sales Promotion and Advertising Service	Taj Building, Hornby Road, Fort, Bombay.
492	,, Gordhandas Bhagwandas	Mr. Gordhandas Bhagwandas	Share Broker	36A, Hughes Road, Bombay.
493	,, Bhaidas Maganlal ..	,, Bhaidas Maganlal	Share Broker	Mithabai Mansion, New Charni Road, Bombay.
494	,, Champaklal Nagindas Mashruvala	,, Champaklal Nagindas Mashruvala	Share Broker	Mithabai Mansion, New Charni Road, Bombay.
495	,, T. C. Thakore	T. M. Thakore & Co.	Importers of Drugs, Palm & Medicine	Ready Money Bldg. Churchgate Street, Fort, Bombay.
496	,, Harkisandas Lukhmidas	Messrs. Harkisandas Lukhmidas	Share & Stock Brokers	5, Dalal St., Fort, Bombay.
497	,, Nagindas V. Khandwala	Mr. Nagindas V. Khandvala	Share & Stock Broker	Old Share Bazar, Bombay.
498	,, Maneck A. Karanjawala, M.A., LL.B.	,, Maneck A. Karanjawala, M.A., LL.B.	Advocate, High Court	16, Walkeshwar Road, Malabar Hill, Bombay.

No.	Representative.	Member.	Trade.	Address.
499	,, Jeram Thakersi Halai	J. T. Halai ..	Share & Stock Brokers	117, Bazargate Street, Fort, Bombay.
500	,, Vadilal Chatrabhuj Gandhi	Messrs. Vadilal Chatrabhuj	Cloth Merchant & Mill Industry	Mulji Jetha Market, Krishna Chowk, Bombay.
501	,, Lallubhai G. Parikh	Mr. Lallubhai G. Parikh ..	Banking, Stock & Share, Gold & Silver	18, Walkeshwar Rd., Bombay.
502	,, Jamnadas G. Shah	,, Jamnadas G. Shah	Life & General Insurance Underwriter	Chandrabag, C. P. Tank, Bombay.
503	,, Keshavlal Jethalal Majithia	,, Keshavlal Jethalal Majithia	Proprietor, Oriental Medical Stores	Princess Street, Bombay.
504	,, Shivprakash Balram Pathak	,, Shivprakash Balram Pathak	Mill, Gin, Stores etc, Petrol Agent	Station Road, Surat.
505	,, Ramanlal Chandulal Parikh	Messrs. Chandulal T. Parikh	Distributors of Lubricating Oils, Diesel Engines & Chemicals	299, Sandhurst Rd., Bombay.
506	,, Zaverilal Chhaganlal	Mr. Zaverilal Chhaganlal ..	Share & Stock Broker	298, Sandhurst Rd., Bombay.
507	,, Salehbhoy Ebrahim Matcheswala	,, Salehbhoy Ebrahim Matcheswala	Matches, Cotton & Wool	121, Nagdevi Street, Bombay.
508	,, Lalbhai Purshotamdas Patel	,, Lalbhai Purshotamdas Patel	Manufacturing Chemicals	100, Walkeshwar Road, Bombay.
509	,, Karsandas Jetha	Messrs. Karsandas Narandas	Cotton	Gaya Building, Mandvi, Bombay.
510	,, Dayalal Motichand Vora	Mr. Dayalal Motichand Vora	Machinery Dealers	Mathuradas Mills, Lower Parel, Bombay.
511	,, P. P. Adalja	,, P. P. Adalja	Engineer & Architect	Kermani Building, Hornby Road, Fort, Bombay.
512	,, Manibhai D. Desai	,, Manibhai D. Desai	Stationers & Printers	Raja Bahadur Bansilal Compound, Apollo St., Fort, Bom.
513	,, Nanddas Haridas	,, Maneklal Harilal Spg. & Mfg. Co. Ltd.	Spg. & Wg. Mills	Ahmedabad.
514	,, Jayantilal Amratlal	The Ahmedabad Laxmi Cotton Mill Co. Ltd.	Spg. & Wg. Mills	Post Box 42, Ahmedabad.
515	,, A. Bose	The Hindustan Electric & Accumulators Mfg. Co. Ltd.	Manufacturers of Accumulators	Asian House, Ballard Estate, Fort, Bombay.
516	,, Gopaldas P. Kapadia	Messrs. G. P. Kapadia & Co.	Registered Accountant & Auditor	Hamam House, Hamam St., Fort, Bombay.
517	,, Maganlal M. Shah	The Swastika Trading Co.	Cotton Exporters & Importers	Embassy House, Sir P. M. Road, Fort, Bombay.
518	,, Sarabhai Dayabhai Sheth	The Ahmedabad Share & Stock Brokers' Association	Dealing in Shares & Stock	Manek Chowk, Ahmedabad.
519	Rai Bahadur K. N. Bhandari	Rai Bahadur K. N. Bhandari	Mill Owner	C/o Bhandari Mills Ltd., Indore.
520	Mr. D. P. Sethna	The Associated Cement Companies Ltd.	Cement Manufacture	Esplanade House, Waudby Road, Fort, Bombay.
521	,, C. S. Patel	Messrs. Patel & Patel	Auditors	Kermani Bldg., Sir P.M. Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
522	Mr. Govindji Jevat ..	Messrs. Virji Ladha & Co.	Cotton Merchants & Exporters	19, Chinchbunder, P.O. Box No. 5024, Bombay.
523	,, Prabhashanker Ramchandra Bhatt'	Mr. Prabhashanker Ramchandra Bhatt	Insurance & Landlord	Ramchandra Mansion, 487, Sandhurst Road, Bombay.
524	,, Rasiklal Somabhai Vakil	Messrs. Lalbhai Hirachand	Share & Stock Brokers	20, Dalal St., Fort, Bombay.
525	,, L. C. Wadhwani	Mr. L. C. Wadhwani ..	Member, The Native Share & Stock Brokers Association	1, New Stock Exchange Bldg., Apollo St., Fort, Bombay.
526	,, Mojilal P. Pandya	,, Mojilal P. Pandya ..	Banker	Netherland Trading Society, Royal Insurance Building, Churchgate Street, Fort, Bombay.
527	,, Mohanlal Kevaldas	,, Mohanlal Kevaldas ..	Silver Merchant	112, Kharakuva, Bombay.
528	,, M. S. Pandit ..	,, Mahadeo Shivram Pandit	Machinery & Town Lighting Schemes	15, Forbes Street, Fort, Bombay.
529	,, Vasantram Jamietram Vakil	,, Vasantram Jamietram Vakil	Advocate High Court	Lentin Chambers, Dalal St. Fort, Bombay.
530	,, N. P. Motiwala ..	Messrs. Bennett & Co. ..	Auctioneers & Commission Agents	120, Apollo St., Fort, Bombay.
531	,, Vishvambharlal Rambilas	,, Shrilal Poddar ..	Share Broker	12, New Stock Exchange Bldg., Apollo St., Fort, Bombay.
532	,, Khimjee Shamjee Popat	,, Keshowjee Muljee & Co.	General Insurance Brokers & Commission Agents	283, Samual Street, Vadgadi, Bombay.
533	,, J. M. Atmaram Bhukhanwala	Mr. J. M. Atmaram Bhukhanwala	Solicitor	Lentin Chambers, Dalal St., Fort, Bombay.
534	,, Ahmed G. Chagla ..	,, Ahmed G. Chagla ..	Importers, Exporters & Commission Agents	Moolji Street, Bunder Quarter, Karachi.
535	,, D. M. Dahanukar	The Maharashtra Sugar Mills, Ltd.,	Sugarcane growers and Sugar Manufactures	Shri Krishna Nivas, Kalbadevi, Road, Bombay.
536	,, J. P. Mehta ..	The Bombay Steam Navigation Co. Ltd.	Shipping	100, Frere Road, Bombay.
537	,, R. C. Mehta ..	Mr. R. C. Mehta ..	Incorporated Accountant	111, Esplanade Road, Fort, Bombay.
538	,, O. H. Gheewala ..	,, Ochchavlal Harkisandas Gheewala	Share Brokers	C-Block, Shanti Sadan, French Bridge, Bombay.
539	,, D. D. Eklahare ..	The Indian Paper Clips Co. Ltd.	Manufacturers of Paper Clips	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
540	,, M. K. Vatsaraj ..	The Property & Loans Ltd.	Property Owners' Financers	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
541	,, R. C. N. Broacha ..	Indian Motion Picture Producers' Association	To safegaurd the interests of the Motion Picture Industry	1-B, Sir Mangaldas's Estate, Lamington Road, Bombay.

INDIA PRINTING WORKS, BOMBAY 1.

RULES AND REGULATIONS OF THE INDIAN MERCHANTS' CHAMBER

(As Amended upto 24th January, 1938.)

Name.

1. The Association shall be styled, "The Indian Merchants' Chamber."

Office.

2. The office of the Chamber will be situate in Bombay.

Objects.

3. The objects for which the Chamber is established are :—

(*a*) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants.

(*b*) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.

(*c*) To promote the objects of the Indian business community in matters of inland and foreign trade, shipping and transport, industry and manufacture, banking and insurance.

(*d*) To collect and disseminate statistical and other information securing the promotion of the objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.

(*e*) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interest by the Government or any Department thereof or by any local body or bodies and

in general to take the initiative to secure the welfare of the business community in all respects.

(*f*) To make representation to Local, Central or Imperial authorities Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.

(*g*) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.

(*h*) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.

(*i*) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other action as may be conducive to the extension of trade, commerce or manufacture or incidental to the attainment of the above object.

(*j*) To secure the interests and well-being of the Indian business community abroad.

(*k*) (i) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including 'regulating conditions of employment of industrial labour' in various industries represented by the members of the Organisation.

(ii) To nominate delegates and advisers, etc. to represent the employers of India at the

Annual International Labour Conferences of the League of Nations.

(iii) To take up, consider and formulate ideas on the subjects which are on the Agenda of each International Labour Conference.

(iv) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Conference.

(*l*) To purchase, take on lease or in exchange or otherwise acquire any lands, buildings, easements, rights of common or property, immovable or moveable, which may be requisite for the purposes of or conveniently used or held in connection with any of the objects of the Chamber; and to sell, demise, mortgage, give in exchange, or dispose of the same or any part thereof.

(*m*) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

4. There shall be three classes of members :—

Members

(1) Ordinary, (2) Patrons and (3) Honorary.

(1) There will be three classes of Ordinary Members :—

(*a*) Residents of Bombay and its suburbs who will have to pay *in advance* Rs. 75 as annual subscription; but Joint Stock Companies will have to pay *in advance* Rs. 100 per year.

(*b*) Mofussil members who will have to pay *in advance* Rs. 25 as annual subscription.

(*c*) Associations which will have to pay *in advance* Rs. 125 as annual subscription.

Admission Fee:— All the ordinary members and patrons will have to pay *in advance* Rs. 50 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the General Body.

(2) *Patrons*: Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be expended on revenue account but the interest whereof shall be taken to revenue account.

(3) *Honorary Members*: Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary Members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

Eligibility for membership of the Chamber.

5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Election of Members.

6. The applicant, whether an individual, a firm or an association, shall sign the admission form giving details of business, etc., and send it to the Secretary, with signatures of proposer and seconder who must be members of the Chamber. This application shall be submitted to the Committee, who shall appoint a

Scrutineer. Names of all such applicants, with names of their proposers and seconders, during the month shall be put up on the notice board of the Chamber in the first week of the following month and they shall be there for one whole week. During this period members of the Chamber shall come to the office of the Chamber between 11 A.M. and 5 P.M. (S.T.) and register their votes either for or against the inclusion of such applicants as members of the Chamber. At least five per cent of the members of the Chamber must register their votes to make the ballot valid. The presence in the ballot box of one negative vote shall cancel six positive votes. If an applicant or applicants gets or get twelve nagative votes, he or they shall not be elected. On the seventh day the ballot-box shall be opened at 5 P.M. (S.T.) by the Scrutineer and the Secretary, who shall declare the result of the ballot.

Resignation.

7. Members wishing to resign shall give written notice to the Secretary.

Disqualification of members.

8. A member shall be deemed to be disqualified if:—

(*a*) He becomes an insolvent.

(*b*) He fails to discharge his subscription for a period extending over twelve months.

Privileges of members.

9. A member of the Chamber shall be entitled:—

(*a*) To obtain gratis publications of the Chamber.

(*b*) To the free use of the Chamber's library.

(*c*) To vote at all meetings of the Chamber or on any matter referred to the General Body of members by circular.

(*d*) To be elected as an office-bearer of the Chamber.

Meetings of members.

10. There shall be held a general meeting of members, which shall be called the Annual Ordinary General Meeting within a month of the 31st December when the official year of the Chamber closes (provided that the Committee

can extend the period upto a fortnight by a special resolution) to transact the following business:—

(*a*) To receive the annual Report of the retiring Committee and the audited statement of accounts of the Chamber.

(*b*) To record the declaration of the result of election of office-bearers for the ensuing year.

(*c*) To elect an auditor for the ensuing year.

(*d*) To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the Secretary will have given notice to the General Body of members by post or otherwise two days before the date of meeting.

There shall be held during the course of the year in addition to the Annual Ordinary General meeting three other ordinary meetings when a resume of the work done during the previous quarter will be supplied to members.

A special General Meeting of members may also be called whenever the Committee think fit; and the Committee shall also call a Special General Meeting on the requisition in writing of at least ten members of the Chamber stating the object of the meeting.

At least three day's clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the Special General meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such general Meetings will also transact such other business of which notice has been given by a member five clear

days before the date fixed for the meeting and of which the Secretary has given notice either by post or otherwise to the General Body of members two days before the date of the meeting.

Quorum.

11. Fifteen members shall be deemed a quorum for a General Meeting whether Ordinary or Special. No business can be transacted at any General Meeting, whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

Adjourned meeting.

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.

Chairman.

13. The Chairman of the Committee shall preside at every General Meeting or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take the Chair.

Voting at meeting.

14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chiarman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting provided that a firm or association having more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

Managing Committee.

15. At every Annual Ordinary General Meeting there shall be elected a Committee to carry out the objects of the Chamber, consisting of the Chairman, the Vice-Chairman and twenty-three members.

16. The Committee shall fill up any vacancy of an ordinary member thereof occuring during the year.

Vacancy on the Committee.

Non-attendance of a member of the Committee without the previous permission of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required permission.

17. Any vacancy during the year in the office of the Chairman or the Vice-Chairman created by resignation shall be filled up by election in accordance with Rule No. 26.

Vacancy in the office of the Chairman or the Vice-Chairman.

The Chairman and/or the Vice-Chairman can get from the Committee leave of absence from the work of their offices for a period not exceeding four months, whether the leave is to be enjoyed in or outside India; during such absence of the Chairman the Vice-Chairman shall act as Chairman, and during such absence of the Vice-Chairman, the Committee shall appoint the acting Vice-Chairman from amongst themselves.

18. The Committee shall retire at the end of its term of office but shall continue in office till its successor is appointed.

Retirement of Committee.

19. The Committee shall frame its own rules for the purpose of regulating its proceeding which may be amended or altered or revised as it may deem expedient.

Rules of the Committee.

20. The Committee shall have the power to appoint a Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

Secretary.

21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regularly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

Accounts of the Chamber.

22. The Committee shall meet at least once a month to dispose of all communications and references and consider all matters which may be on the agenda.

Meetings of the Committee.

23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

Minute Book.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committees of five members from amongst themselves. All questions relating to these trades coming before the Committee during the course of the year shall be first referred to such Sub-Committees whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members of the Chamber. The work of electing Sub-Committee shall ordinarily be done by the representatives themselves but they can have the assistance of the Secretary of the Chamber if they require it.

Sub-Committees

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expedient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

25. The Secretary shall state in the Register of Members of the Chamber names of individual members and of gentlemen who may be representing, for the time being, any members of the Chamber, whether associations, firms or corporations. All changes in the names of representatives, addresses, etc., shall have to be notified to the Secretary on or before the 31st December for purposes of election of the Committee. A list prepared on the basis of this Register will be called the Electoral Roll of the Chamber and shall be deemed as such not only for purposes of the election of the Committee but also for purposes of elections of representatives of the Chamber on various public bodies. For purposes of election of the Committee, only those whose names are thus registered on or before 31st December shall be entitled to vote; while for purposes of other elections the Secretary shall ask for any changes in the names of representatives, addresses, etc., as provided in the rules relating to those elections, and all such changes or additions or alterations or deletions will be notified to the members within the time specified in the rules for those elections. The elected gentlemen will be considered to be personally elected as representing particular members, and on their places falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Register of Members.

Any member of a firm or its representative, being on that account a member of the Chamber, on his serving the partnership or connection with the firm will no longer be a member of the Chamber.

This rule will not affect Rule 14.

This Register shall contain details regarding business of all members and shall also record the classified list of members according to different trades.

26. A list of members of the Chamber together with a list showing the attendance of members of the Committee at their meetings during the year shall be circulated by the Secretary amongst all the members before the 15th of January.

Election of Committee.

Within a week of the receipt thereof nominations for Presidentship, Vice-Presidentship and membership of the Committee duly proposed, seconded and signed by the nominees shall be sent to the Secretary. The Committee shall, before the Annual General Meeting, fix a day which shall be prior to that Meeting, for the election of the members of the Committee and of the President and Vice-President. The Secretary shall prepare and publish a list of nominations received by him, and shall circulate the same amongst the members of the Chamber along with the intimation of the date fixed for the election of the Committee at least three clear days before the date of election.

The retiring Committee shall appoint two Scrutineers, who must be members of the Chamber but shall not be candidates for election.

On the day of the election the ballot-box will remain open from 10 A.M. (S. T.) to 6 P.M. (S. T.) in the office of the Chamber. The voting papers shall be supplied to the members in the office of the Chamber who shall fill these up and place them in the ballot-box. The President and the Vice-President shall be elected from among the nominations received for the Presidentship and Vice-Presidentship respectively, and 23 members shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship or Vice-Presidentship will be *ipso-facto* recorded for his election as a member of the Committee. The President and Vice-President shall be ex-officio members of the Committee. The counterfoils of these voting papers shall be signed by members and shall remain with the Secretary or an officer of the Chamber appointed by him. The Scrutineers shall seal the ballot-box as also the packet containing the signed counterfoils of the voting papers at 6 P.M. (S. T.) on the day of the election and with the Secretary will open the ballot box on the day following the day of election and declare the result by putting up the same on the Notice Board of the Chamber over the Secretary's signature.

This procedure will not apply in the case of the mofussil members, that is to say, members paying Rs. 25

as annual subscription and registered as such in the official Register of the Chamber.

Voting papers shall be sent by post to the mofussil members seven clear days before the date of election. The voting will be carried on in the following manner:—

> Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to the mofussil members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who shall open it, placing the letter with the signature in one box and the small envelope containing the voting paper, which shall be unsigned, in the ballot-box. This ballot-box shall be opened by the Scrutineers with the Secretary along with the ballot-box for the local members on the day of scrutiny, and all the voting papers will be scrutinised together.

Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the holding of the next Ordinary Annual General Meeting. The Trustees of the Chamber for the time being and the member or members of the Chamber representing it in the Indian Legislative Assembly the Bombay Legislative Council, the Bombay Port Trust, the Bombay Municipality, and the like public bodies will be ex-officio members of the Committee if they are not already members of the same. Such ex-officio members shall not however, be precluded from contesting the general election.

(*a*) The Committee shall co-opt, out of the General

Body of members, 40 (forty) per cent of the association Members.

(*Note.*—For the purpose of calculation under this rule, fraction will be ignored).

(*b*) The new Committee shall further co-opt three ordinary members, who in their opinion will prove useful to them for consultation.
Such co-opted members will be elected by the Committee at their first meeting by ballot from among the members proposed at the meeting by members of the Committee.

Equality of votes.

27. In the case of equality of votes recorded for the election of the Chairman or Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

Visitors.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits, visiting Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the Chairman or in his absence the Vice-Chairman, through the Secretary, provided that a residence beyond one month shall subject such visitors to the rules for the admission of members.

Trustees

28. (A) There shall be not less than three nor more than five Trustees of the Chamber. The Trustees shall be elected by the Committee from time to time and as and when vacancies occur. Each Trustee shall hold office until his death or until he resigns or ceases to be a member of the Chamber or until he is removed from office by a Resolution of the Committee passed at a meeting specially convened for the purpose at which not less than two-thirds of the total number of members of the Committee including ex-officio

members, shall be present and at which not less than one-half of the total number of members of the Committee, including ex-officio members, shall vote in favour of such Resolution. The property of the Chamber of whatever description shall subject to the provisions of Rule 29, be vested in and shall, when necessary, be transferred to the Trustees for the time being, who shall hold the same in trust for the Chamber and he Members thereof for the time being and shall deal with the property of the Chamber as directed by the resolution of the Committee (of which an entry in the minute book shall be conclusive evidence). The Trustees for the time being shall in any legal proceedings be deemed sufficient to represent the Chamber and its Members. The Trustees for the time being shall under the direction of the Committee act in legal proceedings, effect insurances, invest money, execute transfers, leases, mortgages and all deeds, agreements and other documents to be entered into on behalf of the Chamber and shall sign any debentures the issue and form of which may be directed by the Committee and shall generally transact all business of a like nature in such manner of the Committee may from time to time determine. Every direction of the Committee to the Trustees shall be signified by a copy of the relative resolution of the Committee signed by the Chairman of the day and when so signified it shall be obligatory upon and authority to the Trustees to do anything to be done by virtue of such resolution. The Trustees shall be indemnified out of the Chamber's property against all liabilities risk and expense incurred by them as such Trustees.

Borrowing Powers.

28. (B) If at any time the Chamber in general meeting shall pass a Resolution authorising the Committee to borrow money, the Committee shall thereupon be empowered to borrow for the purposes of the Chamber such amount of money either at one time or from time to time and at such rate of interest and in such form and manner and upon such security as shall be specified in such Resolution and thereupon the Trustees shall at the direction of the

Committee make all such dispositions of the Chamber property or any part thereof and enter into such Agreement in relation thereto as the Committee may deem proper for giving security for such loans and interest. All members of the Chamber, whether voting on such Resolution or not, and all persons becoming members of the Chamber after the passing of such resolution shall be deemed to have assented to the same as if they had voted in favour of such resolution.

Funds of the Chamber.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman or in his absence by the Vice-Chairman for the time being and a member of the Committee. In the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee. All cheques shall be countersigned by the Secretary.

Expulsion of members.

30. The Chamber reserves to itself the right of expelling any member in case he does any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reason it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifth of members present have voted in favour of the proposal.

Alteration in Rules and Regulations.

31. The foregoing rules and regulations shall be copied in a book to be kept with the records of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting

convened by a notice issued at least seven clear days before the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

Rules of the Court of Arbitration of the Chamber

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following Scheme :—

1. There shall be a Court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than sixty persons who having consented to do so shall form the Court of Arbitration. Whenever called upon a member or members shall solely or jointly constiute a tribunal for the disposal of a case referred to him or them.

3. There shall be a Committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but so that two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court, the Council of the Chamber shall have regard to the recommendation of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as

Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration) will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference, the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. This having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it the Arbitrators, if they are more than one, between themselves fix upon an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on paper, put in an envelope and sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert advice and do everything to come to a right decision of the case.

12. Within one month from the filing of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decisions may by writing extend the time to make their award but in no case it will be later than three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14. The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he fails to give his award during that time the arbitration shall lapse, and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16. The aribitrators of a tribunal or an Umpire are entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

Rules prepared by the Committee of the Court for carrying on the work of the Arbitration Court.

1. The provisions of Act IX of 1899 (Arbitration), will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word, "The Court" means the Court appointed by the Committee to the Arbitration Court.

3. The disputants shall prepare a submission paper in the form (1) of the Indian Arbitration Act, copies

whereof will be supplied by the Registrar on payment of anna one.

4. The submission paper shall state:

(*a*) The name of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.

(*b*) Each party shall mention in short the facts of his case.

(*c*) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.

(*d*) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.

(*e*) A statement showing that the party shall abide by the award made by the Arbitrator or Arbitrators or the Umpire unless it is bad in the Law.

(*f*) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrator named.

(*g*) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper, the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuse to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6. The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witness, if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Rsgistrar. The name shall not be mentioned to any person until on the opening of envelope, by the Registrar as hereinafter provided.

8. The Arbitrators shall hear the parties and their witnesses, consider the documents produced and thereafter adjourn to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission the arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitrations make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties.

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court's Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar shall within four days from the filing of the award give notice to the parties and, when applied for, give a copy of the same to him or them.

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

SCHEDULE

(1) Fee to be tendered with the Reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.

(2) The parties before they enter upon hearing shall deposit Rs. 50 for making and stamping the award which will be accounted for at the time of filing the award.

(3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act and the copying charges.

Rules for the Election of Port Trustees by the Chamber

(Adopted at the Extraordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923).

1. The Electoral Roll of the Chamber shall be prepared by the Secretary, giving particulars regarding the respective trade of each member provided that the name of each member shall be entered under any one of the following trade sections as he may select, viz., (1) Cotton, (2) Piecegoods, (3) Grain and Seeds, (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests,

if any, against the allocation of a member to a particular trade will be examined by a Sub-Committee consisting of two members appointed by the Committee and the Secretary (whose decision shall be final), on any such date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of the circular inviting nomination papers from members desirous of standing as candidates for the election of Port Trustees (as provided in the Rule 3) and the Electoral Roll shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates for the election as Port Trustees, as well as voters should be members of the Chamber, or duly nominated representatives of the members of the Chamber, with their names registered as such in the Register of members of the Chamber and the Electoral Roll provided that candidates must always be Indians.

3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be following allocation of seats to different trade interests :—

Trade	*Seats*
Cotton	1
Piecegoods	1
Grain and Seeds	1
General	2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any number desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating

what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under Rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies, the candidates shall be deemed to be duly elected.

6. If the number of candidates for election for different sections shall exceed the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber, three clear days before the day fixed for the election, giving particulars regarding the trade which each candidate represents.

7. The Committee of the Chamber shall appoint two Scrutineers for the scrutiny of the voting papers at least seven clear days before the date of the election.

8. On the day of the election, the ballot-box will remain open from 10 A.M. to 6 P.M. (S.T.) in the office of the Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed, excepting for the purpose of registering their own votes.

9. The candidate or, when there is more than one Trustee to be elected for the different sections, the candidates not exceeding the number of Trustees to be elected

who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates, the members shall vote afresh in the manner above laid down in respect of the candidates having an equal number of votes.

11. In the event of a casual vacancy or temporary absence of a Trustee, the same course shall be followed in the appointment of a substitute.

12. *If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of election.

13. *In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaign.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the election by the Chamber of a Representative on the Bombay Municipal Corporation

(Adopted at the third Quarterly General Meeting of the Chamber held on 11th November, 1922).

1. Candidates for the election as a Corporator of the Bombay Municipality, as well as voters thereof, should be members of the Chamber or representatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

2. Those members who wish to become candidates in conformity with Rule 1 should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.

3. The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

4. The Secretary of the Chamber shall circulate the names of the candidates at least seven clear days before the date fixed for election.

5. The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 A.M. to 6 P.M. (S. T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in the ballot-box. The slips containing the signatures of the members voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 P.M. (S.T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued on the return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purposes of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

6. The candidate who gets the higest number of votes, shall be declared duly elected.

7. In the event of two or more candidates getting an equal number of votes the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.

8. In the case of there being only one candidate, he shall be declared duly elected.

9. In the case of a casual vacancy necessitating the election of a substitute, the election shall be made in the manner above laid down.

*10. If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary, so as to reach him at least 48 hours before the date of election.

*11. In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(* Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the Election of a Representative of the Indian Merchants' Chamber to the Senate of the Bombay University under Act IV of 1928

(Adopted at the Extraordinary General Meeting of the Chamber held on 12th February 1929).

1. The list of Members of the Chamber in force one week before the election date shall be considered as the Electoral Roll, copies of which can be had from the Office of the Chamber on payment of Rupee One each. If any changes are required to be made in the names of representatives, etc., in the Roll, information in writing must be given to the Secretary by members one week before the date of election. No intimation received after the due date will be recognised.

2. Candidates for election should be members of the Chamber or representatives deputed by members provided they are always Indians.

3. Any member desiring to stand as a candidate should send in his name to the office of the Chamber ten days before the date fixed for election together with the names of a proposer and a seconder, whose names appear on the Electoral Roll.

Any nomination paper which is not in conformity with these Rules shall be deemed iavalid and rejected as such.

4. The Committee of the Chamber shall elect two Scrutineers at least five days before the date fixed for election.

5. If there is not more than one cannidate for election, the candidate duly nominated shall be declared to be duly elected. If, however, there are more candidates than one, the Secretary shall send the names of all candidates to each member of the Chamber seven days before the date fixed for election.

6. The Committee shall fix a day (notice whereof shall be given to all members of the Chamber) on which the ballot-box will be kept open from 10 A.M. (S.T.) to 6 P.M. (S.T.). Voting papers will be provided to members in the office of the Chamber and members will be required to place them duly filled in the ballot-box. Counterfoils of the voting papers, which should be placed in another box, should be first signed by the voters. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. The Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of election, and shall on the next working day after scrutinising the voting papers, with the Secretary, forthwith declare the result. No Duplicate voting paper will be issued unless the original is returned.

7. Candidates or their agents shall not be allowed in the room in which the ballot-box is placed, except for the purpose of registering their own votes, and not more than one voter at a time shall be allowed in the room.

8. A candidate getting the highest number of votes shall be declared duly elected. In the event of two or more

candidates getting the highest number of equal votes, the election shall be held afresh in the manner above laid down in respect of only those candidates who get highest number of equal votes, within five days of the declaration of the result.

If of the candidates who have secured an equal number of votes all but one withdraw from the contest and intimate in writing such withdrawal to the Secretary not less than two clear days before such a fresh election, the remaining candidates will be declared to be duly elected.

9. *If a candidate is desirous of withdrawing his candidature from the election contest he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of Election.

10. *In case of difference of opinion or a dispute between the candidates for election, the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

PUBLIC BODIES ELECTION RULES.

1. These rules shall be called the Indian Merchants' Chamber Public Bodies Election Rules.

2. These rules shall apply to all elections by the Committee of representatives of the Chamber on public bodies mentioned in the attached Schedule, on which the Chamber has been, or is, given permanent representation.

3. All elections under these rules shall be made by the Executive Committee of the Chamber.

4. Any member of the Chamber, who is duly proposed by a member of the Committee and seconded by another

member of the Committee shall be eligible to stand as a candidate for election.

5. On a vacancy, to be filled by election under these rules, occurring in any of the public bodies, the Secretary of the Chamber shall circulate the information to all members of the Chamber.

6. Candidates for election shall send in their nomination, so as to reach the Secretary within five days from the date of the circular under Rule 5. Nominations shall be in the prescribed form, copies of which can be had from the Secretary.

7. The President shall fix the date of the election. A list of nominations received, together with information regarding the date of election shall be circulated by the Secretary to the members of the Committee two days before such date.

8. The Election shall be by show of hands. In case of tie, the President shall have a casting vote.

SCHEDULE.

1. The Indian Central Cotton Committee.
2. Local Advisory Committee of the G. I. P. Railway.
3. Local Advisory Committee of the B. B. & C. I. Railway.
4. Governing Body of the I.M.M.T.S. "Dufferin."
5. Advisory Committee of the Royal Institute of Science.
6. Advisory Committee of the Bombay Development Department.
7. Bombay Traffic Control Committee.
8. Board of Communications, Bombay.
9. Indian Sailors' Home Committee.

(Framed and adopted by the Committee of the Chamber on 7th July 1936.)

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER.

1907—13 The Hon. Sir Manmohandas Ramji.
1913—14 Sir Purshotamdas Thakurdas, C.I.E.,M.B.E.
1914—15 Sir Fazulbhoy Curimbhoy, C.B.E
1915—16 The Hon. Sir Dinshaw Edulji, Wacha.
1916—17 Sir Lallubhai Samaldas, C.I.E.
1917—18 Sir Vithaldas D. Thakersey.
1918—19 Sir Chunilal V. Mehta, K.C.S.I.
1919—20 Mr. Jehangir Bomanji Petit.
1920—21 Mr. Lalji Naranji.
1922 Sir Purshotamdas Thakurdas, C.I.E.,M.B.E.
1923 Sir Fazulbhoy Curimbhoy, C.B.E. (from 24-2.23 to 3-9-23).
Mr. Devidas Madhowji Thakersey (from 4-2-23 to 25-1-24).
1924 The Hon. Sir Manmohandas Ramji.
1925 The Hon. Sir Phiroze C. Sethna, O.B.E.
1926 Mr. Lalji Naranji.
1927 Mr. Walchand Hirachand.
1928 Sir Shapurji B. Billimoria, Kt., M.B.E. (from 31-1-28 to 20-3-28).
Mr. H. P. Mody, (from 30-3-28 to 17-7-28) and Mr. L. R. Tairsee (from 28-7-28).
1929 Mr. L. R. Tairsee.
1930 Mr. Hooseinbhoy A. Lalljee.
1931 Sir Chunilal V. Mehta, K.C.S.I.
1932 Mr. B. N. Karanjia (till November).
Mr. Mathuradas C. Matani (November to January).
1933 Sir Manmohandas Ramji.
1934 Mr. Mathuradas Vissanji.
1935 Mr. Manu Subedar.
1936 Sir Rahimtoola Chinoy, Kt.
1937 Mr. Govindlal Shivlal Motilal.

Secretary : Mr. J. K. Mehta.
Asst. Secretaries : Mr. A. C. Ramalingam, and Mr. K. P. Daru.

CHAMBER'S REPRESENTATIVES ON PUBLIC BODIES

Representative in the Legislative Assembly.

Mr. Manu Subedar, M.L.A.

Representative in the Bombay Legislative Council

Mr. M. C. Ghia.

Representatives on the Board of Trustees of the Port Trust

1. Sir Purshotamdas Thakurdas, C.I.E.,M.B.E. (Cotton)
2. Mr. Gordhandas N. Morarji (Piecegoods)
3. Mr. M. C. Matani (Grain and Seeds).
4. Mr. M. A. Master (General)
5. Mr. Sankalchand G. Shah (General).

Representative on the Bombay Municipal Corporation

Mr. Govindlal Shivlal Motilal.

Representative on the Advisory Committee of the Bombay Development Department

Mr. Manu Subedar.

Representative on the Indian Central Cotton Committee

Mr. Chandulal P. Parekh.

Representative on the Advisory Committee of the Royal Institute of Science in Bombay

Mr. Kapilram H. Vakil.

Representatives on the Local Advisory Committee of Railways

G. I. P. Railway :—

Mr. Gordhandas G. Morarjee.

B. B. & C. I. Railway :—

Mr. R. P. Masani.

Representative on the Panel of the Railway Rates Advisory Committee

1. Sir Purshotamdas Thakurdas, KT., C.I.E., M.B.E.
2. The Hon'ble Sir Phiroze C. Sethna, O.B.E.
3. Mr. Manu Subedar.
4. Mr. Mathuradas Vissanji.
5. Mr. M. C. Ghia.

Representative on the Governing body of the Indian Mercantile Marine Training Ship 'Dufferin'

Mr. M. A. Master.

Representative on the Senate of Bombay University

Prof. S. R. Davar.

Representative on the Traffic Control Committee (Bombay)

Mr. L. R. Tairsee.

Representative on the Board of Communications

Mr. K. S. R. Iyer.

Representative on the Indian Sailors Home Committee

Mr. M. A. Master.

Representative on the Board of the Bombay Telephone Co. Ltd.

Mr. Mathuradas Vissanji.

Representative on the Sydenham College Advisory Board

Sir Rahimtoola M. Chinoy, KT.

LIST OF THE OFFICE-BEARERS FOR THE YEAR 1938.

President.

Mr. Gordhandas Goculdas Morarji.

Vice-President.

Mr. Jivanlal C. Setalvad.

Members of the Committee.

1. Mr. M. M. Amersey.
2. ,, Dhirajlal C. Modi.
3. ,, Mathuradas Canji Matani.
4. ,, Bhawanji A. Khimji, M.L.A.
5. ,, Chunilal B. Mehta.
6. ,, Vithaldas D. Govindji.
7. ,, Nagindas T. Master, M.L.A.
8. ,, Mangaldas B. Mehta.
9. Dr. M. Venkatrao.
10. Mr. Sarabhai Prataprai.
11. ,, S. C. Majumdar.
12. ,, Anandji Kanji.
13. ,, Madhavlal M. Bhatt.
14. ,, Keshavprasad C. Desai.
15. ,, Behram N. Karanjia, M.L.C.
16. ,, Walchand Hirachand.
17. ,, J. P. Mehta.
18. ,, Mohanlal A. Parikh.
19. ,, Thakorelal H. Vakil.
20. ,, J. A. D. Naoroji.
21. ,, M. L. Dahanukar.

22. „ Jethmal Narandas.
23. „ E. R. Hirjibehedin.

Co-opted.

1. Sheth Chatrabhuj Gordhandas.
2. Mr. Mathuradas Vissanji Khimji.
3. „ Hooseinbhoy A. Lalljee.
4. The Bombay Yarn, Copper & Brass Native Merchants' Association (Mr. Sankalchand G. Shah).
5. The Seeds Traders' Association (Mr. Ratilal M. Gandhi).
6. The Indian Insurance Companies' Association (Mr. K. S. Ramchandra Aiyer).
7. The Bombay Rice Merchants' Association (Mr. Ravji Ghellabhai).
8. The Bombay Iron Merchants' Association (Mr. Anandji Haridas).
9. The Bombay Kariana Merchants' Association (Mr. D. P. Tata).
10. The Mahratta Chamber of Commerce & Industry (Mr. B. S. Dabke).
11. The Bombay Yarn and Silk Merchants' Association (Mr. Purshotamdass Popatlal).
12. The Bombay Cotton Merchants' & Muccadam Association (Mr. Purshotamdas Harkisondas Shah).
13. The Grain Dealers' Association (Mr. Khimji Madan Bhujpuria).
14. The Chamber of Income-tax Consultants (Mr. Bhogilal C. Shah).

Mr. J. K. Mehta, M.A., (Secretary).
Mr. A. C. Ramalingam (Asst. Secretary).

LIST OF JOURNALS AND PERIODICALS RECEIVED IN THE LIBRARY OF THE INDIAN MERCHANTS' CHAMBER

Quarterly

1. Empire Cotton Growing Review.
2. Swedish Economic Review.
3. Finish Trade Review.
4. Journal of Industrial Research, Australia.

Bi-Monthly

1. The Yokohama Trade Review.
2. Industrial Safety Survey (International Labour Office).

Monthly

1. *Monthly Bulletin of Statistics issued by the League of Nations.
2. International Conciliation.
3. London Chamber of Commerce Journal.
4. Monthly Journal of the Liverpool Chamber of Commerce.
5. " " " Manchester "
6. " " " Sheffield "
7. " " " Bradford "
8. " " " Nottingham "
9. " " " Northamptonshire "
10. Monthly Report on Current Economic Conditions in Japan issued by the Tokyo Chamber of Commerce.
11. The Commercial Review, Aleppey.
12. Southern India Commerce.
13. *National Geographic Magazine.
14. Indian Insurance.
15. Mercantile Guardian.
16. *International Labour Review.
17. Bombay Labour Gazette.
18. Engineering Progress.
19. Monthly Sea-borne Trade Return of British India.
20. Monthly Returns of the Coasting Trade of British India.

21. Monthly Statistics of Cotton, Shipping & Weaving in Indian Mills.
22. Trade at Stations adjacent to Land Frontier Routes.
23. Exports of Indian Artware and Sportsgoods.
24. Kathiawar Trade Statistics.
25. Raw Cotton Trade Statistics.
26. Joint Stock Companies.
27. Statistics of Import & Export trade in Cotton Yarn & Piecegoods of British India (Issued by the Bombay Millowners' Association).
28. Statistics of Import & Export trade in Cotton Yarn & Piecegoods of the Bombay Presidency excluding Sind. (Issued by the Bombay Millowners' Association).
29. *Modern Review.
30. *Asia.
31. American Exporter.
32. The German Industrial Echo.
33. Exporters' & Importers' Journal.
34. German Exporter.
35. Belgium Abroad.
36. Swedish Exporter.
37. Indian Concrete Journal.
38. Monthly Review of the Lloyds Bank.
39. ,, ,, ,, National City Bank of New York.
40. ,, ,, ,, Barclays Bank.
41. ,, ,, ,, Midland Bank.
42. ,, ,, ,, Westminster Bank.
43. ,, ,, ,, Federal Reserve Bank.
44. "Index"—(Svenska Handelsbanken, Stockholm).
45. World Trade (International Chamber).
46. Ubersee Post.
47. Mysore Economic Journal.
48. Tisco Review.
49. N. Y. K. Travel Bulletin.
50. *Fortune (U.S.A).
51. Indian Trade & Finance.
52. Financial Times.
53. *Times (London) Trade & Engineering Supplement.
54. Safety News.

55. *Indian Textile Journal.
56. *Indian Home.

Weekly

1. *Economist.
2. *New Statesman & Nation.
3. Commerce, Bombay.
4. *Indian Finance.
5. Board of Trade Journal.
6. Indian Trade Journal.
7. Commerce Reports (U.S.A.).
8. Calcutta Commercial Gazette.
9. Industrial & Labour Information.
10. Bombay Government Gazette.
11. *Gazette of India.
12. *Servant of India.
13. Commerce & Industry.
14. *Harijan.
15. *Roy's Weekly.
16. Weekly Market Report by Messrs. Premchand Roychand.
17. Report of German Institute for Research.
18. *Indian Social Reformer.
19. *Indian Affairs.
20. Great Britain & the East.

Occasional

1. Central Legislative Assembly Debates.
2. Council of State Debates.
3. Bombay Legislative Assembly Debates.
4. ,, ,, Council Debates.
5. *Publications of the International Labour Office.
6. Indian Tea Statistics.
7. Indian Coffee Statistics.
8. Indian Agricultural Statistics.
9. Wholesale Price of certain Staple Articles of Trade at Selected Stations in India.
10. *Publications of the League of Nations.
11. Bulletins issued by the United States Bureau of Labour Statistics.

12. Bulletins issued by the Government of Bombay, Department of Industry.
13. Bulletins issued by the Government of Bombay, Agricultural Department.
14. Bulletins issued by the Commonwealth of Australia Council of Agricultural Research.
15. Reports of several Chambers of Commerce and other Commercial Associations.
16. Reports of Tariff Board.
17. Customs Tariff of different nations as supplied by the Department of Commercial Intelligence and Statistics, Calcutta.
18. Publications issued by the Department of Commercial Intelligence & Statistics.

Gujerati Periodicals

1. Praja Bandhu (Weekly).
2. Gujerati Punch (Weekly).
3. Sarvoday.
4. Khetiwadi Vignan.
5. Bhagyoday.
6. Prasthan.
7. Majur Sandesh.

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*Subscribed for by the Chamber.

ANNUAL GENERAL MEETING.

The 30th Annual General Meeting of the members of the Chamber was held on Monday, the 24th January 1938, at 4-0 P. M. (S. T.), to transact the following business :—

(1) To receive the Annual Report of the retiring Committee and the audited Statement of Accounts of the Chamber for the year 1937.

(2) To record the declaration of the result of the election of Office-bearers for 1938.

(3) To appoint Auditors for the year 1938.

(4) To consider amendments to the Rules & Regulations of the Chamber recommended by the Committee.

The following members were present :—

The Hon'ble Mr. Govindlal Shivlal Motilal (*President*)

Mr. Gordhandas G. Morarji (*Vice-President*)

Mr. J. C. Setalvad
,, D. F. Kapadia
,, K. M. Bhujpuria
,, V. N. Patruni
,, T. C. Thakore
,, Venkatrao Sista
,, M. M. Amersey
,, S. C. Majumdar
,, N. P. Motiwala
,, Lallubhai G. Parikh
,, M. A. Hasham Premji.
,, J. D. Dave
,, H. N. Rajput
,, Morarji Hemraj
,, A. Kanji
,, Mangaldas B. Mehta
,, Sarabhai Pratapraj
,, Chandulal P. Parikh

Seth Chatrabhuj Gordhandas
Mr. Sankalchand G. Shah
,, Purushotamdas Harkisondas
,, M. A. J. Noble-
,, Shamji Vallabhji
,, Byramji Hormusji
,, Madhavlal M. Bhatt
,, R. M. Nanavati
,, Valabhdas Ranchordas
,, Vasantray Amritlal Ojha
,, Keshavlal Jethalal
,, Premchand C. Bhayani
,, Keshavaprasad C. Desai
,, J. P. Mehta
,, G. C. Kothari

Mr. Motilal Agarwala	Mr. Thakorelal H. Vakil
,, B. S. Dabke	,, Vithaldas D. Govindji
,, Purushotamdas Popatlal	,, Dhirajlal C. Modi
,, Kaikobad C. Dinshaw	,, Mohanlal A. Parikh
,, K. S. Ramchandra Iyer	,, S. H. Mehta
,, Mathradas C. Matani	Mr. J. K. Mehta (*Secretary.*)

1. The Secretary read the notice convening the meeting.

2. In placing before the meeting the Report of the work done by the Committee during the previous year and the audited Statement of Accounts for 1937, the Hon'ble Mr. Govindlal Shivlal Motilal, President, made the following speech:

GENTLEMEN,

I have great pleasure in placing before this meeting the report of the work done by your Committee for our official year which has just ended. In so doing, I take this opportunity to make a brief survey of some of the outstanding questions which form matters of deep concern to the business community.

Trade Negotiations

By far the most important question which has been agitating the minds of Indian businessmen in recent months is the phenomenal delay caused by the British Government in bringing to speedy termination the Indo-British Trade negotiations started nearly a year ago. The only explanation which the grim silence that has characterised these negotiations can offer is that the United Kingdom is only marking time for perpetuating as long as possible the Ottawa concessions which have been very unfair to this country and denounced by Indian opinion. While the talks continue the iniquitous deal also continues. Hitherto India's interests in economic spheres have been systematically sacrificed and made to subserve the interests of the United Kingdom. The fruits and gains of every deal in the past used to be disproportionately shared between the two countries, the stronger having the lion's share and

the weaker, here, of course this unfortunate country, going under. On the eve of a new relationship based on the so-called partnership which is now said to be evolving, it behoves the statesmen of Great Britain to see that India is not made to suffer further in her dealings with the United Kingdom. Be it noted that the move for a trade pact does not emanate from India; India does not stand in need of a trade pact with Great Britain. On the other hand the initiative for such a trade pact has been taken by Britain herself, and in fairness to this country the British Government, realising that a trade pact with India is to the interest of United Kingdom, should see to it that India does not come out of the bargain badly as it had been the latter's fate in the past. It is time that Great Britain should now make an honest effort to draw from India a greater part of her purchases which she is now making from other countries. The excess of her annual intake from the U.S.A., Canada, New Zealand and Argentine over her exports to these countries bears no comparison with similar transaction with India. For instance, in 1934 England bought from U.S.A. merchandise to the tune of 383 million dollars as against her export of 115 million dollars worth of goods. The same hectic rush for American materials is kept up in the succeeding year 1935 for which the corresponding figures are 433 million dollars and 155 million dollars for imports and exports respectively, and that even after she was given preferential treatment by this country as a consequence of the Ottawa Pact. In earlier years also the United Kingdom has been purchasing from the U.S.A. much more than she sold to that country. We know that Great Britain occupies the envious position of being a first class creditor country and can well afford to import more goods than she exports as she has been doing during the last so many years. To take the figures for only the last two years, we find that her total imports of merchandise stood at £731.4 millions and her total exports under that category at £447.2 millions in 1934 and in 1935 these stood at £756.9 millions and £481 millions respectively. I have quoted these figures just to show that Britain,

being a leading creditor country in world economy, purchases more goods than she sells. It is, therefore, a matter for sad reflection that in regard to India which is a debtor country and must sell more goods than she can purchase, if for no other purpose than to discharge her obligations, our trade relations with Britain have not been in accord with the economic facts governing the two countries. She seeks to base her trade relation in the case of India neither on the principle of fair play nor on the principle of *quid pro quo*. An entirely different set of trade ethics guides her in her dealings with India in striking contrast with her commercial transactions with other countries like U.S.A. and the Dominions.

India's true trade position can only be estimated when we take into account her "invisible imports" aggregating to 60 crores in the shape of interest charges, private remittances, shipping services, insurance, expenses of tourists, etc. I hope the Government of India will ponder over the heavy stakes involved and energetically espouse the cause of India's interest in this hour. I realise that their position is one of a subordinate branch, but Indian opinion is very much more alive to the country's economic interests than it had been the case in the past and this is a factor of which the British Government should take count and offer to India such terms as she would willingly accept as fair and just. If on this occasion the British Government fail to play the game, the future relations between the two countries, in matters economic and commercial, will, I need hardly say, be far from being smooth. The Hon'ble the Commerce Member is once again bound for London and let us hope that the right lines on which alone a trade pact can be negotiated and for the recognition of which your Committee has been continuously and consistently fighting year after year, will characterise the new arrangement that might come into operation.

If a fresh agreement is not reached immediately, the Government owe it to themselves and the people of this

country to forthwith terminate the Ottawa Pact and withdraw the concessions which the United Kingdom imports are enjoying. A sense of honour and no less of duty should have impelled the Government long before now to act in this way immediately on the expiry of the term of the notice of denunciation. A national Government would have done nothing less than this. I am sure the Legislature, constituted even as it is, will not fail to heap its censure on the Government for their practically circumventing the essence of the Assembly's verdict.

Indian Cotton

The country has been recently suffering to a large extent from the depression which has been prevailing with regard to cotton. The prices of cotton have declined considerably and it is a problem for the agriculturists how to make both ends meet. In fact, the prices which cotton is fetching at present cannot be said to be a fair return at all for the work and wages and money the farmer has to put. These low prices of cotton are disastrous to the agriculturists and reduce the purchasing power and are bound to affect the industry. The industry after all depends upon the prosperity of its consumers and the main consumers of the textile industry are the agricultural population. If the agricultural population is thus in straitened circumstances, the industry is bound to suffer. Various remedies have been suggested for the depression prevailing in cotton. Among the remedies suggested are: reduction in railway freights, reduction in ginning and pressing charges, removal of octroi duty and terminal tax, and last but not the least the imposition of an import duty of at least half an anna on the import of cotton of 15/16 inch and lower staple. Your Committee have approved of all these remedies and have written both to the Government of India and the local Government, in support of the same. It is at such crises like these that a difference between a rich and independent country like the U.S.A and a poor and dependent country like India is most conspicuous and most felt. While a country like the U.S.A. can

act in an amazingly rapid manner and adopt remedies, we despair of our Government doing anything substantial to help the people for facing the situation.

The Exchange Issue

This leads me to another question of wider and deeper significance, namely the fall in the prices of agricultural commodities, which has been causing considerable anxiety to those who are interested in the economic well-being of the masses. Agriculture is the mainstay of eighty per cent of our people, and it is by the sale of their agricultural products that they purchase their other requirements. The effect of a decline in the prices can only be a series of unhappy repercussions on the economic life of the people as a whole. The per capita income of the Indian people is so exceedingly low that their standards of living bear the stamp of perpetual misery and poverty. A life of squalor, disease and undernourishment is the lot of the majority of our people. No efforts should be spared by the Government and all those concerned in the welfare of the masses to improve the economic condition of the people. Even a slight improvement in the prices of agricultural produce tends to help all those who depend on agriculture, and who does not know how vast is the number of those who depend upon agriculture whether as farmers, tenants, landlords, or industrialists? Even the wages of the wage-earners are influenced and determined by the general agricultural and industrial prosperity.

The prices of agricultural commodities, after showing some spurt during the last year, have again dropped. We ask the Government whether it is not necessary to do something to raise the prices. Will not a reversion to the 1s. 4d. ratio push up the prices of cotton, jute, tea, seeds and grains which form 75 per cent of our exports? The remaining 25 per cent of our exports are also made up mostly of raw materials of one kind or other, and consist very little of manufactures. The prices of these articles also will rise if the rupee whose exchange value was raised by 12½ per cent in 1927 is brought back to its former level.

I know all our protests and representations have been ruthlessly turned down by the Government. But I am referring to this matter because other provinces have now begun to take greater interest in this vital question. Some time ago the Commercial Association of Lahore urged on His Excellency the Viceroy the need for restoring the former ratio when His Excellency visited that city, and recently the South Indian Chamber of Commerce and even the Muslim League of Madras again stressed this point during the Viceroy's visit to the southern capital. I regret that His Excellency's reply on all these occasions was most disappointing.

His Excellency has the reputation of being the friend of Indian agriculture. The interest he has been evincing in their welfare since he assumed his august office had raised hopes in the people that in his earnest efforts to ameliorate their economic condition, he would endeavour his best to raise the prices of agricultural produce by applying the right remedy of restoring the rupee to its original level. But it is sad that his recent utterances belie this expectation, and are bound to accentuate public dissatifaction in regard to this matter, since His Excellency's expression of view on this most important issue can only be construed as the determination of his Government to stand by the present ratio which has brought economic ruin to the millions of this country.

In persisting in this policy, is it assumed, I ask with all respect, that all those nations including Great Britain, constituting the most enlightened opinion of the world have egregiously blundered in depreciating their currencies and the Government of India alone stand out as the sole repositories of wisdom and light in valiantly sticking to this overvalued rupee ? The Simla Gods may delude themselves into this self-flattery, but no one with common sense and much less the commercial community can, for a moment, subscribe to this preposterous presumption.

It is obvious that the overvalued rupee helps the British exporters and all those who want to remit their

salaries out of India, but it certainly hits hard both Indian agriculture and industry. I am sure you would have all wished that His Excellency had kept an open mind, and his Government had examined this question once again with the assistance of Indian opinion. England has herself depreciated her currency which is below 60 per cent of its former value. The U.S.A. dollar stands at a still lower parity. Japan's yen has only 38 per cent of its former value. Soviet Russia, China, South America, France, Switzerland and the British Dominions have all depreciated their currencies in varying degrees. In this world of devalued currencies, our currency has the singular distinction of remaining overvalued by 12½ per cent over its previous level. This is causing a tremendous loss to India. As a result of the overvalued rupee, Indian agriculturists are getting less for their exports and the people have to pay more for their imports. A reference to the quantum and price levels of export and import trade would bear out this conclusion. In the year 1936-37 according to official reports the volume of our exports compared to 1928–29 was 107.4 per cent for which the value received compared to the same base year was 57.2 per cent. On the import side we notice that for 79.8 per cent of the quantity imported in the year 1936–37 taking 1928–29 as the base year, we paid in value 62.8 per cent. A wide disparity between export and import prices still persists.

Provincial governments are vitally interested in the ratio issue. The prosperity of the people is linked with it. The land revenue and other taxes which the provincial governments collect come mostly from the agricultural and industrial sections. The expansion of these sources of revenue depends on the prosperity of these classes. The new provincial governments are truly representative of the people and are in a better position to appreciate the needs and requirements of the masses. They should be consulted and their opinion must receive the greatest consideration. If the Government of India do not take the initiative, it would be for the provincial Governments to examine this question

and make the necessary representations to the Government of India.

Sugar Agreement

The whole of the commercial and industrial community in the country disapprove of the line of action followed by the Government of India with regard to the International Sugar Conference held in London last year. I have already commented in my previous speeches on the sins of commission and omission of Government with regard to that Conference and I would not have further discussed this question here had it not been for the egregiously wrong step Government have taken in flouting the expressed wishes of the Central Assembly and ratifying the International Sugar Agreement despite the fact that that house, though it consists of a large number of nominated members, recorded its emphatic opinion against such ratification. Government cannot plead in justification of their action that the Upper House was in favour of such a ratification. We know how heavily the Upper House is loaded with nominated elements which religiously vote with the Government. Any British Cabinet which considered the wishes of the House of Lords and not the House of Commons would not have its existence secure for two days. It has been amply proved that the ratification is against the interests of this country and all the pleas of the Government spokesmen were torn to shreds by the elected representatives in both the houses. The Tariff Board has aleady submitted its Report to the Government of India with regard to the protection of the Sugar Industry. Unfortunately, our experience in the past has been that the Government used to hold back the publication of such important reports for a considerable time and release them only after they had taken decisions on these reports. It is but fair that before Government take any action, the Legislature and the public should be given the opportunity of expressing their opinion on these reports. I hope the Government will now realise the wisdom of publishing the report in question prior to forming their own conclusions on it.

Bombay and the Central Executive

On this occasion I should like to advert to the Government attitude towards Bombay in the matter of choosing the members for the Executive Council of the Governor-General of India. It has been a part of the constitutional scheme of the Montague-Chelmsford Reforms that not less than three members of the Central Executive Council should be Indians. The object of this arrangement is that the Indian members should represent the Indian view-point in the deliberations of that body and influence its decisions. During all these years claims of this Presidency have been ignored notwithstanding the fact that she plays no less an important part in the public life of the country than do the other provinces and possesses talents and experience of which the country can be proud. As you know, with the exception of Sir Dinshaw Mulla who acted as Law Member for some time with great distinction, no member has been appointed from this Province. The Hon'ble the Commerce Member Sir Mahomed Zafarullah Khan had gone out of India in last summer for negotiating a trade pact on behalf of this country with the United Kingdom. During his absence, Sir Sultan Ahmed was appointed to act for him. The latter's appointment was viewed with satisfaction by all of us, though I may be permitted to say that an appointment from Bombay would have, besides giving equal satisfaction, afforded an opportunity to Bombay to contribute her special knowledge, talents and experience particularly in matters relating to trade and industry, to the counsels of the Government of India. The Commerce Member who returned two months ago, has sailed again on the same mission. This time again his place has been filled not from Bombay but from some other Province. This shows how systematically Bombay's claims have been neglected. I am not concerned here to criticise the selection made. I must say that Bombay as a leading Province and specially with her intimate knowledge of commercial and industrial problems should have received her due share in shaping the commercial and economic policies of the Central

Executive. It is regrettable that the Government have not shown due recognition to these facts. It cannot be denied that each province should have due opportunities of serving the country by influencing the Central administration from within.

The new Acting Commerce Member has been an unerring supporter of the Government as a member of the Assembly and the commercial community might well feel nervous as regards Indian view points being represented with the necessary vigour and alertness. The present system of Government itself is unsatisfactory and what we now want is a complete change in the system of administration so that we may have responsible ministers amenable to our control.

Government of Bombay's Labour Policy

The policy pursued or proposed to be pursued by Provincial Governments, specially by the Government of Bombay, deserves the attention of the business community, as it is going to affect vitally the interests of trade and industry and will have its influence also on the general progress and prosperity of the Province. The Labour programme of the Congress Ministry is ambitious. We should have no quarrel with that, specially as it has been seen for the last several years that employers of labour in this country have recognised their duties and obligations and are ready to provide amenities for their employees in consonance with the spirit of the times. In fact, as has been pointed out on more than one occasion, and as Mr. Butler, Director of the International Labour Office, who was recently in our midst, also acknowledged India is one of those few countries which have accepted a large part of the programme of the International Labour Conference. At the same time, there is a great necessity for carefulness and circumspection for putting the whole of the programme into practice, as too much haste with regard to such questions may lead to results deleterious to the industry.

Hours of Work in Textile Industry

The question of hours of work has been on the tapis of the International Labour Conference for long. Hours of work in the textile industry were recently discussed at the 28th International Labour Conference in 1936, and also the technical Tripartite Conference held in Washington in April last year. The question was again taken up at the Labour Conference held in Geneva in June last, and a convention was adopted on the reduction of hours of work. The question of hours of work in Asiatic countries has been referred to the Governing Body. India and other Asiatic countries have naturally always claimed that hours of work should not be fixed in the same manner as for advanced countries. Even the advanced countries have not all adopted the Convention accepted by the Labour Conference. An interesting point that was raised by our Delegation last time revealed that the Delegates of even of those countries which have not adopted the former Washington Convention for 48 hours week recently voted for the adoption of 40 hours week convention, thus practically getting the Convention passed, inspite of the fact that the votes did not show the real state of affairs. You will agree with me that such a travesty of carrying conventions or recommendations will neither help the cause of Labour, nor the countries which are trying to do their best in the matter of labour legislation. Your Committee have addressed the Federation of Indian Chambers of Commerce and Industry on this aspect and it is to be hoped that the Federation will take up this matter both with the Government of India and with the International Labour Conference.

Application of Factories Act to Small Industries

In this connection, I may draw your attention to a recent circular addressed by the Chief Inspector of Factories to several small factories that they are included in the term 'Factories' under the Factories Act for purposes of hours of work, etc. This has naturally created uneasiness among small factories. Your Committee have taken up this question and are trying to see how they can best help

the small factories. The Government of Bombay have expressed a desire more than once, to help the small industries, and I trust they will consider how best to avoid legislation or executive action which may prove too hard in its effect on small industries.

Social Insurance Scheme

Government have also issued for consideration of the commercial and industrial public what may be called a Social Insurance Scheme for industrial workers. Social Insurance is not by any means a simple procedure or an easily workable scheme. In fact even advanced countries like England have come to adopt it after years of industrialisation and after their industries have reached a peak of perfection and prosperity. Even then several industries are expressly exempted from the operation of the scheme. The scheme, as issued for consideration, has combined features of different schemes, e.g., holidays with pay, sickness leave with pay, old age pension, death benefit, etc. Your Committee have expressed their opinion that such a legislation should have come with better grace from the Government of India, as in that case it will have better opportunities for being put into active operation and less chances for unfairness or injustice being meted out to industries of a particular Province. Government will agree with us that industries of this Province should not have any handicaps against them vis-a-vis industries in other Provinces and States.

Planning for Reconstruction

The new responsible Governments in the provinces, particularly in those where the Congress is in power, are anxious to undertake large schemes of social service and attend to the moral and material progress of the people. These various measures of reconstruction will involve large expenditure, while the taxable capacity of the people is limited. Economy on the one hand and production of wealth on the other must be the two guiding principles which our governments should constantly keep before them at this juncture if anything tangible and beneficial is to be attained.

I am glad that so far as the Congress Governments are concerned they are alive to the supreme necessity of economy and retrenchment and are doing everything that is in their power to cut down administrative expenditure before bringing up their proposals for further taxation. At the same time the new tone of progress they have set up can only be maintained if the Centre falls in line with them by effecting simultaneous retrenchment both in the civil and military spheres. There is room for further economy in both these fields. The military expenditure is disproportionately high in relation to our economic environments and national needs. If the army expenditure is reduced by a third of its amount the Government will be able to spare nearly Rs. 14 crores for the purpose of distributing to the provinces. It has been computed by these who may be regarded as competent to speak on this subject that the extra cost of maintaining British troops in India over the cost of maintaining a corresponding number of Indian troops is not less than £10 millions. Justice and fair play demand that the British Government should defray entire cost of the British section of the Indian Army inasmuch as the Army in India both British and Indian is maintained for the protection of British interests and imperial frontiers. The recent amount sanctioned by the British Government falls far short of our expectations, and even this small grant is to be spent for the mechanisation of the British section of the Indian Army. The Army in India has always proved helpful to the empire in the time of its need. As Lord Salisbury observed: "India has been used as an English barrack in oriental seas." If that is so it is but fair that Britain should share with India the cost of maintaining this costly apparatus of defence. It is against all canons of fair play that India should be compelled to maintain within her borders a third of the British military forces at the expense of the Indian taxpayer. We fully realise that in a world living in a constant panic of war as it is today the need for strengthening our forces is no doubt pressing. I maintain that our defences can be further strengthened and brought

uptodate on more economic lines provided there is a change in the angle of our military policy. After all the efficiency of the British Army, which is so much spoken of is not a virtue inseparable from racial character. The Indian soldier is equally, if not more, efficient as his British compeer. This is borne out by the highest military authorities of Great Britain herself. The fact is the Government have neglected their duty in training the people as a whole in the art of defence, and have not seriously explored the possibilities of a National Militia. In the altered condition of the world today and the new atmosphere of trust which the Reforms have produced, the enlightened self-interest of the Britishers themselves should compel Great Britain to reorientate her military policy so as to meet India's wishes and aspirations.

Heavy taxation of the people both by the provincial governments and the Central government has been the feature of the Montford regime. Fresh taxation, therefore, is not the direction to which we must look for materially augmenting our revenues without running the risk of further deteriorating the standards of living. As I said before, reduction of expenditure on the one hand and tapping of new sources of wealth on the other are the twin remedies for our present day difficulties. The betterment of the finances of the Government of India this year gives rise to the hope that the provinces including Bombay will have their share from the Central surplus receipts. Welcome as it is, we cannot be satisfied with these subventions which partake of the nature of fortuitous windfalls. An active policy of economic reconstruction and national planning pursued by the Central government in co-operation with the provinces is the need of the hour.

In conclusion I desire to express my sense of sincere gratitude to the members of the Committee for the ready assistance and generous co-operation which they extended to me in the discharge of my duties during my year of office.

My thanks are also due to my colleague Mr. Gordhandas Morarji, the Vice-President of the Chamber. He gave me his unstinted co-operation and made my task easier by sharing with me the responsibilities for the work of the various sub-Committees. I sincerely congratulate him on his election to the Presidentship of the Chamber and feel confident that he will maintain the high traditions of the Chamber.

I cannot on this occasion omit to mention the services of Mr. Mathuradas Vissanji which he has rendered in the Legislative Assembly as the representative of this Chamber. Mr. Mathuradas has assiduously and sincerely served your Chamber on the floor of the Central Assembly as your representative. On his resignation, Mr. Manu Subedar has been unanimously elected. I take this opportunity of congratulating him on his election. I am sure, with the help of the Congress Party of which he is a member, he will be able to render valuable services to the commercial community and maintain the standard of dignity and devotion to duty, which marked the work of his distinguished predecessors who represented this Chamber in the Legislative Assembly.

It only remains for me now to acknowledge the very able assistance rendered by our Secretary, Mr. Jaisukhlal Mehta, and the willing services of his assistants and the staff of the Chamber during my term of office. Mr. Mehta's long experience of the Chamber and intimate knowledge of the subjects, which have come before me, have been of great value to me.

With these words, I propose the adoption of the Report.

Mr. Gordhandas G. Morarji, the incoming President, in seconding the motion for the adoption of the Report spoke as under :—

MR. PRESIDENT AND GENTLEMEN,

I am deeply thankful to you all for unanimously electing me as your President for the current year. The presidentship af the Chamber has come, and rightly come, to be regarded as one of the highest honours the commercial community can confer upon one of its members. While it is an honour,—and at the same time not an empty honour,—the position carries its own duties and responsibilities, which are heavy indeed. During the past 30 years' career of the Chamber we have got a big galaxy of Presidents, who have built up the reputation and prestige of the Chamber and have left high traditions for their successors to follow. Though the youngest amongst the occupants of this high office, and perhaps the least experienced, I enter upon my task with a due sense of the responsibility I undertake and of the difficulties that lie in the way of one who wants to carry out his duties faithfully and conscientiously. Given your support and co-operation I assure you that I shall strive my best to keep up the reputation and dignity of the Chamber and shall work for its progress and development. I hope I will be successful in my aims and ideals and be able to justify the confidence reposed in me by the mercantile community of Bombay.

The President has in his able speech referred to several outstanding questions which claimed the attention of your Committee during the year, and I would like to allude to a few others, which I hope will equally interest you.

Congress Government in Provinces

With the noble ideal of uplifting the crumpled nation and improving the lot of the starving and naked millions of India, but with the handicap of financial stringency and a rigid constitution, the Congress Ministers have assumed the reins of Government in seven Provinces of India. Given the goodwill and hearty co-operation by the

representatives of the Crown, one may expect the evolution of a new era in this country; but the path is not smooth and free from obstacles. Yet hope is blind and without hope life is not worth living. In a short space of six months the Congress Ministers cannot change the generation old difficulties of a nation, but the noble beginning they have made has inspired a ray of hope and confidence in the nation and the mercantile community is naturally expecting all the help, co-operation and support to the commerce and industry of the country, of course commensurate with the uplift of millions of workers and agriculturists who form the bulk of the population.

Special Enquiry into Small Industries

The condition of small industries in the country is very pitiable indeed; foreign and Japanese competition is crumpling them down. While the death-knell of these industries is being sounded since sometime past, a ray of hope was created for them by the appointment of a Special Officer to investigate the conditions of the small industries and recommend suitable measures for their protection. Your Committee welcomed the appointment, though they would have preferred the appointment of a Board than of a single officer for the purpose. The industries, though not well-organised, attempted to place their case before this Enquiry and were anxious of getting some measure of protection, but their hopes were short-lived and due to the advent of the Sino-Japanese war the condition of Japanese competition changed and put an abrupt end to the Enquiry and hopes for measures of protection, though the competition was not only from Japanese imports but also from imports of other countries. I, therefore, once again take this opportunity of reiterating the views of the small industries in this behalf and of strongly expressing our disapproval of the policy followed by Government on this question. But since this action of the Government of India was taken, much water has passed under the bridge; political atmosphere has taken a turn in the Provinces, the long-cherished dream of

responsible Government has been realised; and provincial autonomy has begun to work, but the dream of industrial regeneration yet seems at a great distance. Among the various legislations undertaken by the popular Ministries in seven Provinces for the uplift of masses and classes, measures of protection for the industries remain still under the fog, and I am constrained to remark that, looking to the way in which several small industries have been dealt with under the application of the Factories Act, a reference to which is made in the President's speech, the Local Government has been putting these poor small unorganised industries, which are practically left to their own resources without any co-operation from Government or the people, in a really dangerous position. While I am expressing these sentiments on behalf of the small industries, I am not unmindful of the great necessity of the measures for the uplift of the workers, whose condition also deserves to be improved by all possible means. But the two wheels of the chariot of the State, industries and labour, cannot be given different treatment in order to retain the existence of one to the detriment of the other. The present social labour legislation contemplated by the programme of the popular Congress Ministries is perhaps proceeding with too rapid a stride and may not be able to keep pace with the industrial problems of the country. It is hardly necessary for me to express that the one cannot exist without the other, and measures for the improvement of each of them should go hand in hand. At the same time I sincerely hope and trust that the vested interests will not mind making a reasonable sacrifice for the amelioration of their less fortunate brethren so long as they are all allowed to live and make progress.

Tariff inequalities

Industries require help several times in directions which do not involve big principles, help which can be easily given. Thus there are industries which require help in the form of getting their raw materials free of duty or with a very small import duty. The gold and silver

thread industry was helped in this matter by Government and as a result it is now thriving well. Recently we brought to the attention of Government instances of tariff inequality in regard to Healds and Reeds and Shuttle industries, of which the raw materials are charged a higher duty than the finished articles coming from outside. This has naturally placed our local industry in a very bad position, but despite our request Government have not moved in the matter. It must be in fact laid down that wherever necessary raw materials are imported by any local industries, there must be either no duty on such raw materials or a very low duty, if it is proved that these raw materials are not available in this country and without such, the industries will not be able to go on at all.

Levy of Town Duty by Bombay Municipality

Like the industries, trade and commerce of the city are also threatened with burdens of taxation by the Bombay Municipal Corporation. Though a Member of that august body, it is my painful duty to oppose the levy of Town duty on articles of trade like coal, iron and steel, paper, etc. Your Committee have already moved in the matter and pointed out to government with whom the decision now rests, the difficulties of these trades and industries as they are constituted at present, and the additional difficulties they will have to undergo in case the Municipal Corporation is allowed to levy the duty on these articles. While we admit that the Corporation has to find money for carrying on its multifarious duties, we want at the same time the Corporation to recognise that there is a limit,—and there should be a limit,—to taxation imposed on trade and industries.

The burden of municipal taxation per head in this City is Rs. 22/-per annum and of the Provincial taxation in the presidency is slightly over Rs. 6/-. A considerable extent of this taxation is borne by the mercantile community and any further attempt to raid this source would prove greatly detrimental to the trade and commerce of the City. It is hoped and expected that other

bodies like the Bombay Port Trust and the Railways would not lag behind and equally raise their voice of protest against the levy of such taxation. At the same time sufficient steps are not being taken by all these agencies for furthering the evolution of trade and industries, and when this is done there will be a speedy progress in the commercial and industrial development, and merchants and industrialists will not mind giving to the State or Local agencies some portion of that income. Thus the Bombay Municipal Corporation can well have a big Commercial and industrial Museum, where the manufacturers and traders can come into contact with each other. Help can be given to small industries through this and other directions, and similarly Government can also extend their helping hand to small industries. In the meanwhile I hope that the Government of Bombay will not give their approval to the scheme of Town Duties placed before them by the Bombay Municipal Corporation.

World Conditions

The condition of the world is none too happy and peaceful at present. While trade and industries did appear to show turning the corner last year, this process is, as in the past, retarded and handicapped by international hatred and jealousies and envies of which there has been a plentiful crop since some years past tending to bring the world back to the same position as it was in 1914. No trade and industry can flourish with international ill-will and ill-feeling. Nations have not evidently learnt the lessons of the last War. Germany at that time with its "peaceful penetration" by trade was threatening to be a leading power and had it not been for her invasion of Belgium and France, she might have got more through peaceful methods of trade and commerce than through letting loose forces of war and ultimately she even fared much worse. She has now rallied round and evidently wants to repeat all the mistakes she committed in 1914 and afterwards. Japan and Italy are not to be left behind either in the

race of armaments or in the race for sowing seeds of discord, which might lead to another blood-bath for the nations. Japan would be easily Queen of the East with her trade and industries which would be helped also by the position she occupies among Asiatic countries. Unfortunately, she has chosen to pursue not a path of peace and good-will but a path of ill-will, bitterness and warfare, with the result that practically all the civilised countries with a few exceptions, are demanding cessation of trade relations with her. It never pays any nation to have friendly feelings from all estranged. Italy also wounded deeply the feelings of all liberty-loving countries, and specially the Eastern countries, with the treatment she accorded to Ethiopia, and her Jack-boot policy has roused a storm of resentment and indignation, which has only not died down but is gathering strength.

India's share in general trade improvement

Dr. Sir David Meek, Indian Trade Commissioner in London, has recently published his report for the year 1936-37 and dilates on the fact that India has had a fair share in the trade improvement generally seen in the world. It is true that we have had our share in the general trade improvement; but it is doubtful if this would justify the Indian Trade Commissioner to ascribe much of this to the so-called "generous gesture" of Lancashire. The Indian Legislature has denounced the Ottawa Pact, and, as the President remarked just now, it is scandalous that Government should have continued the tariffs under this Pact, even though more than 12 months have elapsed since their denunciation, owing to the slow pace at which the Indo-British trade negotiations are moving. Sir David Meek refers to the increase of both long-staple Indian cotton taken by Lancashire, ascribing it as a result of "the willing encouragement" by Lancashire, even after the Indian Legislative Assembly's denunciation of the Ottawa Pact. The increase in the production of the long and short staple cotton in this country can hardly be ascribed to our exports to Lancashire. Purchase

by Lancashire now amounts to about 6,00,000 bales, and as your Committee have repeatedly given it as their view, the off-take by Lancashire is not much if you consider the exports of cotton going to other countries, say Japan, and the import which India is taking not only of the textile goods but of other goods from the United Kingdom herself. The increase in the off-take by Lancashire was, again, due to the fact that the parity of prices was in favour of Indian cotton and recently Lancashire manufacturers are also using Indian cotton as a mixing for the textile goods they are manufacturing for export to India, specially to compete with goods manufactured here from short-staple cotton. While we appreciate the desire of Lancashire to take cotton in increasing proportions from this country, too much must not be made of Lancashire purchases, nor must an undue emphasis be laid upon the so-called benefit to India from the Ottawa Pact which, as Sir David Meek very well knows, has been denounced by no less a body than the Indian Legislature.

It shows fluctuating conditions of the world that before the Report is published cotton prices have crumbled down and an agricultural crisis has arisen of which naturally Dr. Meek could take no count in his report.

I believe it would be interesting to you if I made a passing reference to the conditions of trade and commerce of the world in relation to India. As is evident from the statistical figures available for the last few months, the export trade of India has been on the decline and her import trade has increased to a certain extent. To an agricultural country like India, such a situation calls for serious consideration as it becomes imperative that steps must be taken to improve such a situation. It may be that such a situation may be due to war-like conditions in some of the countries of the world; but the situation can be remedied if proper attention was paid to the new avenues of developing the export trade of India by negotiating with countries like Ceylon, South Africa, Persian

Gulf nations, Egypt, etc., where since sometime past the exports of India have considerably increased.

It is a pity that adequate attention has not been paid to the question of industrial research as it ought to be. Efforts may be made in this direction by Government, but so far they have proved to be very feeble efforts and it is high time that the mercantile community should take up this question in right earnest and concentrate their attention on this very important aspect of industrial regeneration, without which progress would be very slow.

Political Federation

While the scheme of Federation is not acceptable to any party and while a country-wide movement to reject that scheme has been actively in progress, I consider it essential that we, as business community, should reiterate our attitude in unmistakeable language towards this great and grave constitutional issue. The scheme of Federation as it stands is not at all acceptable to the commercial community of India. There is a belief in certain quarters that attempts are likely to be made to make some improvements in the existing scheme so that the determination of Great Britain to impose it upon India may meet with better success. Whatever improvements may be made in the scheme to improve the constitutional status of this country, we as business community must make it absolutely clear that unless it is definitely in the Federal Constitution, as emphasised by Mahatma Gandhi in 1931

> "that the right of the future Indian parliaments to discriminate between nationals and non-nationals whenever Indian interests require it, shall remain intact and unimpaired"

and unless India's right to regulate her economic and fiscal policy and to make and conclude Trade Agreements with other countries in such a manner as she considers best in her national interests is recognised as absolute and unfettered in no way whatsoever, no Federal scheme can and/or will be acceptable to the community of this country.

Industrial Regeneration

India's industrial regeneration must proceed on true national lines and this aspect of the question was strongly emphasised by Sir William Clarke on behalf of the Government of India so far back as 1916, when speaking on the Resolution which led to the appointment of the Industrial Commission, he remarked:

> "that the building up of industries where the capital control and management should be in the hands of Indians is the special object which all have in view."

India's industrial regeneration, therefore, means, the development of industries in India owned, controlled and managed by the nationals of the country. That is the reason why India must have the right and power to discriminate in favour of nationals and against non-nationals when Indian interests require it. That is being done all over the world and that is why Sir N. N. Sircar, the Law Member during the course of his speech on the Insurance Bill enquired

> "whether at the present moment any country is prepared to allow its nationals to compete with foreigners on absolutely equal terms"

and that is why Mr. Bhulabhai Desai the Leader of the Opposition made it clear on the floor of the Assembly that while India is compelled to bear the existing restrictions and to submit to them as embodied in the Act, India will continue to fight against them "in the hope that our efforts will succeed in getting rid of the Act."

Coastal Shipping

As you all know the rate war which has been carried on in the passenger traffic on the Konkan Coast has recently attracted considerable public attention. Experience has brought home to us all that neither are the rate wars in the interest of Indian shipping nor are they for the benefit of the trade and the travelling public. It is an unfortunate historical fact that rate wars waged by British shipping interests in the past have wiped out of existence several

Indian shipping concerns and thus strongly militated against the development of an Indian mercantile marine. So far as the present rate war is concerned, it is carried on amongst three shipping companies running with Indian capital and Indian directorate. Whatever may be the ultimate result of such rate wars, it is evident that it would be the Indian shareholders who will suffer and it will be the Indian shipping which will receive an unfortunate set back. It is not for me to determine who is to blame in this connection, but I can only cherish the hope that all those who are responsible for shaping the destiny of the three shipping companies involved in the present rate war on the Konkan Coast will put their heads together to explore such avenues for the establishment of peace in that trade as will develop and expand Indian shipping. Not only will their efforts to solve the present impasse be a public service of great importance, but it will also strengthen and broaden the roots of Indian shipping at any rate in the coastal trade of this country.

An event of very great importance that has taken place in the world of Indian shipping is the laudable enterprise of our premier Indian Shipping Company, I mean the Scindia Company, of inaugurating their service for carrying pilgrims from India to Hedjaz. It is a matter of great satisfaction that they have placed a very fast and modern steamer with all conveniences and comforts at considerable cost in the service of their Moslem brethren which in the words of His Highness the Aga Khan "is a symbol of Hindu Moslem unity." We all wish the Scindia Company complete success in their new endeavour in this direction.

Work Ahead

In the official year in which the Chamber is just entering there will be several questions of note which will engage the serious attention of the public in general and the commercial community in particular. India is at present passing through a transitional stage ; Federation is engaging the attention of the whole of India and the Indian

States ; Provincial Autonomy started working in the Provinces presenting very important and serious questions for consideration ; legislations of great importance are being enacted very fast ; questions of Labour and Capital, science and industries, travel and transport—are all assuming serious importance ; lust of power, the so-called philanthropic motives of civilised nations like Japan to improve the conditions of humanity ; political aggressiveness of nations like Germany, Italy and Japan—are all presenting very serious and important problems for consideration in the coming year. The new reasoning of economic, social and political doctrines of the world is rapidly changing the colour of the map of the world and surcharging the atmosphere with the cry and venom of war, so detrimental to the peaceful existence of the nations. Under the circumstances, India cannot remain unmindful of all these important factors and therefore in such circumstances your very considerate and loyal co-operation will be required to handle with due care and caution the various problems I have just referred to. Not only that, but the year will also be one of considerable importance in the history of the Chamber, as it would be completing 31 years of its existence, and will be having a building of its own, a dream which was long cherished by the members of this august body and which is realised by the munificence of men like Sheth Chatrabhuj Gordhandas and others who have now made it possible by putting up a building as the Lalji Memorial Building for the Chamber.

Gentlemen, I once again thank you for the honour done to me and with your help and co-operation I shall endeavour to justify the confidence reposed in me.

I second the proposal for the adoption of the report.

Mr. J. C. Setalvad, the incoming Vice-President, in thanking the members for electing him as Vice-President, referred to the prospects of having a building for the Chamber and appealed for additional funds for the same.

In the general discussion that followed, the following members participated :—

Mr. Sarabhai Prataprai
,, Mangaldas B. Mehta
,, Shamji Vallabhji
,, Chandulal Parikh
,, M. A. J. Noble
,, S. H. Mehta

The motion for the adoption of the report and the Accounts was carried.

3. The declaration of the result of the election of Office-bearers for the year 1938 was recorded.

4. Mr. Dhirajlal C. Modi proposed that Messrs. Devidas Vithaldas & Co. be appointed Auditors for the year 1938 and that their remuneration for the same be fixed at Rs. 100.

The same was seconded by Mr. Vithaldas D. Govindji, and on being put to the vote was carried unanimously.

5. The President then moved the following amendments to the Rules & Regulations of the Chamber, notice of which had been given by the Committee :—

I. After Rule 3 (*k*) add the following clause as (*l*), the existing Rule 3 (*l*) being renumbered as 3 (*m*) : —

"3 (*l*) To purchase, take on lease or in exchange or otherwise acquire any lands, buildings, easements, rights of common, or property, immovable or movable, which may be requisite for the purposes of or conveniently used or held in connection with any of the objects of the Chamber ; and to sell, demise, mortgage, give in exchange, or dispose of the same or any part thereof."

—Carried unanimously.

II. In Rule 26, para 6, after the Full-Stop in line 10, delete the letter "A" and add the words "The Trustees of the Chamber for the time being and the".

—Carried unanimously.

III. After Rule 28 add the following two rules as Rule 28 (*a*) and 28 (*b*) :—

28 (*a*) There shall be not less than three or more than five Trustees of the Chamber. The Trustees shall be elected by the Committee from time to time as and when vacancies occur. Each Trustee shall hold office until his death or until he resigns or ceases to be a member of the Chamber or until he is removed from office by a Resolution of the Committee passed at a meeting specially convened for the purpose at which not less than two-thirds of the total number of members of the Committee including ex-officio members, shall be present and at which not less than one half of the total number of members of the Committee, including ex-officio members, shall vote in favour of such Resolution. The property of the Chamber of whatever description shall subject to the provisions of Rule 29, be vested in and shall, when necessary, be transferred to the Trustees for the time being, who shall hold the same in trust for the Chamber and the Members thereof for the time being and shall deal with the property of the Chamber as directed by the resolution of the Committee (of which an entry in the minute book shall be conclusive evidence). The Trustees for the time being shall in any legal proceedings be deemed sufficient to represent the Chamber and its Members. The Trustees for the time being shall under the direction of the Committee act in legal proceedings, effect insurances, invest money, execute transfers, leases, mortgages and all deeds, agreements and other documents to be entered into on behalf of the Chamber and shall sign any debentures the issue and form of which may be directed by the Committee and shall generally, transact all business of a like nature in such manner as the Committee may from time to time determine. Every

direction of the Committee to the Trustees shall be signified by a copy of the relative resolution of the Committee signed by the Chairman of the day and when so signified it shall be obligatory upon and authority to the Trustees to do anything to be done by virtue of such resolution. The Trustees shall be indemnified out of the Chamber's property against all liabilities risk and expense incurred by them as such Trustees.

28 (*b*) If any time the Chamber in general meeting shall pass a Resolution authorising the Committee to borrow money, the Committee shall thereupon be empowered to borrow for the purposes of the Chamber such amount of money either at one time or from time to time and at such rate of interest and in such form and manner and upon such security as shall be specified in such Resolution and thereupon the Trustees shall at the direction of the Committee make all such dispositions of the Chamber property or any part thereof and enter into such Agreement in relation thereto as the Committee may deem proper for giving security for such loans and interest. All members of the Chamber, whether voting on such Resolution or not, and all persons becoming members of the Chamber after the passing of such resolution shall be deemed to have assented to the same as if they had voted in favour of such resolution.

—*Carried unanimously.*

6. Mr. Mathradas Canji Matani proposed a vote of thanks to the President.

The same was seconded by Mr. K. S. Ramchandra Iyer and was carried with acclamation.

The meeting then terminated.

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REPORT OF THE COMMITTEE

OF

THE INDIAN MERCHANTS' CHAMBER

For the year 1937 presented to the Annual General Meeting of the Chamber held on 24th January 1938.

Your Committee have pleasure in presenting the 30th Annual Report of your Chamber. During the course of the year 49 Committee Meetings were held, the work done being of a varied and important nature.

The principal subjects dealt with by your Committee related to the following main heads :—

(1) Transport and Communications, (2) Finance, Tariff and Taxation, (3) Trade, Industrial and Labour Legislation, (4) General Trade and Industry and (5) General.

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I. TRANSPORT AND COMMUNICATIONS.

The Empire maritime policy and India's place therein.

The Committee addressed the Government of India, Department of Commerce, on the 8th January 1937, drawing their attention to the highly detrimental manner in which the so called Empire maritime policy affected in actual practice India and her national interests. They also drew the attention of Government to the attempts being made by British shipping interests to exploit the bargaining power, which India possessed, for the benefit of British Shipping in the name of Empire shipping vis-a-vis the Indo-Japanese trade negotiations. For instance, Lord Essendon remarked in the House of Lords on 11th November 1936, to the effect that the Secretary of State for India should see that something was done to help British shipping between India and Japan in connection with the Indo-Japanese trade negotiations. The Hon'ble Alexander Shaw, in his speech at the annual meeting of the P. & O. Co. complained that the Government of India in-spite of repeated requests backed by undisputed facts and figures declined to carry out the behest of British shipping interests and demands that the Government of India should be pressed in their negotiations with Japan to use their bargaining power to the full in support of the Empire shipping. The Committee observed that all this in practice would mean shipping of the group controlled by an English company. They felt that any yielding to pressure exerted from across the seas in this connection would only strengthen the domineering hold of the British shipowners at the sacrifice of India's national interests. They added that India with an effective merchant navy would be a source of great strength to all parts of the Empire in enabling them to evolve a real Empire maritime policy designed to promote their common

interests. Another suggestion of Mr. Shaw, to which the Committee drew the attention of Government, was that the whole question about the shipping position in the Far East should be referred to the Imperial Shipping Committee. As India was vitally interested in this Eastern trade, the Committee urged that it was essential that she should have an effective voice in such an inquiry, and that the Government of India should see that accredited non-official representatives of Indian trade and Indian shipping were given a place on the Imperial Shipping Committee and that India was allowed to participate in the deliberations of that Committee.

Since then, the Committee addressed another communication to Government on the 14th January drawing their attention to the reply given by Dr. Burgin, Parliamentary Secretary, to a question put to the President of the Board of Trade in the House of Commons whether in view of the unsatisfactory position of British merchant shipping in the Far East he would consider referring the question to the Imperial Shipping Committee for examination and advice as to the remedial action. The Committee of the Chamber again reiterated their request to the Government to take immediate action and arrange for representation of non-official representative on the Imperial Shipping Committee and secure an opportunity for India to participate in its deliberations.

Indian shipping and position of British shipping in the Far East.

The Imperial Shipping Committee conducted an enquiry into the position of British shipping in the Middle and Far Eastern waters and in this connection the Committee of the Chamber received a communication from the Government of India enquiring whether they proposed to submit any memorandum to the Imperial Shipping Committee on the subject and whether they wished to depute any one to give oral evidence before that Body, in connection with the said enquiry.

The Indian National Steamship Owner's Association, Bombay, had submitted a memorandum to the Imperial Shipping Committee pointing out the difficulties under which Indian shipping was labouring at present and suggesting friendly co-operation in common interests of both Indian and British shipping whereby Indian shipping would be assured of its legitimate share in the maritime trade which belonged to India by right. The Committee of the Chamber informed the Imperial Shipping Committee that they endorsed and supported the views set forth in the Memorandum of the above Association. They also deputed Messrs. Walchand Hirachand and D. S. Erulkar to appear before the Imperial Shipping Committee for purposes of oral evidence.

The Committee also wrote to the Government of India reiterating their request that the Government of India should arrange for the representation of a non-official representative of Indian trade and Indian shipping on the Imperial Shipping Committee and to secure for India an opportunity to participate in its deliberations.

A reply was received from Government to the effect that in view of the assurance already received from the Chairman of the Imperial Shipping Committee that the claims of shipowners to be represented on the panel of shipowners attached to the Committee would be considered on the occurrence of a vacancy and the fact that non-official members of the Committee were appointed to it as experts and not as representing any particular Empire country, the Government of India were of the opinion that no useful purpose would be served by pursuing the matter further. The Committee sent a further communication to the Government of India on 22nd May expressing their disappointment at the decision of Government not to pursue the matter. They pointed out that the mere assurance of consideration of the claims of India for representation did not go far and that it was necessary to insist upon the appointment of an Indian representa-

tive on the Committee. They added that the argument that non-official members of the Committee were appointed to it as experts and not as representing any particular Empire country did not cut ice inasmuch as in practice all parts of the Empire were represented as members on that Committee excepting India.

They expressed the hope that if the Government of India pressed the claims of this country sufficiently strongly such a representation would be made available.

Share of the British Shipping in the Indo-Japanese Trade.

The attention of the Committee was drawn to a report in the "Times of India" of the 3rd February 1937 to the serious attempts being made by British shipping interests through the Government of India to secure for them with total exclusion of Indian shipping interests from Far-Eastern Trade at sacrifice of India's interests right to carry 50 per cent of Indo-Japanese trade as part of the new Indo-Japanese Trade Pact. The Committee sent a telegram to Government on 4th February pointing out that such a move was highly detrimental to India's economic and shipping interests and urged upon them the immediate necessity not only of redeeming their continuous assurance of providing adequate share for Indian shipping in overseas trade by securing for it a reasonable share of the Indo-Japanese trade but to take also necessary steps to safeguard India's economic and shipping interests in connection with the proposed Trade Pact with Japan.

Share of Indian shipping in Indo-Japanese Maritime Trade.

The attention of the Committee was drawn to a report that the Commerce Department of the Government of India was arranging for a Conference of British and Japanese shipping interests for the purpose of adjusting their share-quotas in the Indo-Japanese maritime trade. The Committee in a letter addressed to the Government of India expressed concern at the exclusion of Indian shipping

interests from the said Conference. They referred to previous correspondence on the subject, where they had protested against attempts being made by British shipping interests to exploit the bargaining power of India in connection with Indo-Japanese Trade Agreement for securing preferences for British shipping in the Indo-Japanese maritime trade at the cost of Indian shipping interests. They stressed the necessity for not only inviting representatives of Indian shipping interests to the proposed Conference but giving them effective and predominant voice in adjusting the shares of the carriage of trade which emanates from or terminates in India.

Encroachment by the Japanese Shipping on the Indian Coastal Trade.

The Committee sent a telegram on the 14th January 1937 to the Government of India, pointing out that a steamer under charter of a Japanese Company was already loading cargo from Bassein for Indian ports. This was in contravention of the Gentleman's agreement arrived at between the Commerce Member and H. E. Sawada in 1933. The Committee requested the Government of India to take immediate action and arrange that the Japanese shipping would respect the agreement already made and not intrude in the Indian coastal trade.

Shipping Companies and Limited Bank guarantees.

It was recorded in the report of the Committee for the year 1936 that the Committee were in correspondence with the shipping companies and the Exchange Banks' Association regarding the decision of the Exchange Banks to give only guarantees limited to the extent of double the value of consignments in respect of goods which had to be cleared before the arrival of the relative Bs/L. The Committee pursued the matter further during the year both with the shipping companies and the Exchange Banks Association and had also informal consultations with certain

parties. They have, however, to record that neither the shipping companies nor the bankers were prepared to resile from the position they had taken and it was, therefore, found not possible to arrive at any solution.

Bill to control the Coastal Traffic in India.

The views of the Committee were invited by Government on the Bill to control the Coastal Traffic in India for preventing rate wars. The Bill was intended to remove possible impendiment to the growth and development of Indian Mercantile Marine. The fear of unfair competition deterred Indian capital being invested in coastal shipping. If the Governor General in Council be given power to prevent such competition, the fear would be largely allayed and a new line of commercial activity might be opened out to Indians. By this Bill power was sought to be given to the Governor General in Council, when he was satisfied that unfair competition existed, to fix minimum rates of fare and freight or to prohibit the grant of rebates or other concessions which were calculated to reduce such minimum rates. Contravention of any rule prescribed by the Governor General in Council or any direction given by him with regard to the grant of concessions was made punishable with fine or refusal of entry to an Indian port.

The Committee in forwarding their views to Government on the 6th January, welcomed the underlying principles of the Bill. In their opinion the real question, however, was how to prevent the unfair competition and consequently so to revise the existing conditions on the Coast as would give, as emphasised by Lord Irwin in the Shipping Conference in 1930, the tonnage engaged in the coastal trade a fair chance of economic employment. The Committee emphasised the fact that what India meant by "the growth and development of Indian Mercantile Marine," which was the object of the Bill, was that the present Indian tonnage engaged on the trade should be replaced by tonnage *owned, managed and controlled by*

Indians. In other words, they endorsed the definite conlcusion reached by the Indian Mercantile Marine Committee appointed by the Government of India themselves in 1923-24, that the only effective way of building up an Indian Mercantile Marine was "the eventual reservation of the Indian coastal trade for ships, the ownership and controlling interests of which are predominantly Indian." The Committee were of the opinion that it was imperative that the Bill should be suitably modified by the incorporation of further clause vesting power in the Government of India to limit the total quantity of tonnage plying on the coast and to make it obligatory on such tonnage to obtain necessary license for that purpose. Such licenses should be issued by Government of India and non-Indian tonnage in such proportion as was in consonance with the national demand and the legitimate claims for natural expansion of existing Indian shipping companies and Government's declared policy referred to above so that at any rate 50% of the total tonnage thus licensed to start with might be owned, controlled and managed by the nationals of the country. At the same time, the Committee added that with a view to protect the interests of shippers and consumers against the fear of the shipping companies charging excessive rates of freight, a Shipping Board consisting of representatives of Indian commerce not connected with shipping should be constituted with powers to enquire into all complaints about such excessive rates and to take such action as would, while protecting the interests of shippers and consumers, recognize that the shipping companies were also entitled to a reasonable return on the capital invested by them in the trade. The Committee further observed that it would be for the Government of India to enforce measures required for the prevention of unfair competition by penalising the ships carrying such unfair competition by cancelling their licenses which they would be under an obligation to obtain for plying on the coast. The Committee suggested that the main penalty should be the withdrawal of the license with or without the addition of a fine suggested in clause 3.

Views expressed by the Chairman of the Bombay Port Trust on the Bill to Control the Coastal Traffic of India.

The Committee's attention was drawn to the fact that the Chairman of the Bombay Port Trust did not consult the Board in expressing his views on the bill to control the Coastal Traffic of India. On a similar occasion in the year 1928 the Committee had taken up the question of principle involved in such a procedure whereby the Chairman expressed his personal views without consulting the Board of the Port Trust on references from the Government of Bombay, as a result of which it was understood that in future the Board would be consulted on such references.

The Committee adressed a letter to the Government of Bombay drawing their attention to the previous correspondence and pointing out that the action of the Chairman in submitting his views without consulting the Board was not in confirmity with the procedure which had been agreed to as a result of the correspondence in 1928 referred to above.

They also addressed the Government of India in the matter.

Employment of duly qualified Cadets of I.M.M.T.S. "Dufferin".

The Committee again addressed the Government of India on the subject of employment of ex-Dufferin Cadets. They referred to the oft-repeated promises made by Government in regard to opportunities of employment for duly passed Cadets of the I.M.M.T.S. "Dúfferin." They regretted that British shipping interests and companies which were getting annual subsidies for the carriage of mails from the Government of India were not fulfilling the general expectations held of them in regard to this matter. They therefore urged that the Government of India should take immediate and effective steps to secure proper chances of employment for these cadets, as otherwise the object with which the Training Ship was established would not

be achieved, and the building of an Indian personnel for service at sea, would not be realised.

Transport by steamers of Safety matches packed in Ocean-paper as under deck cargo.

It was represented to the Committee that Safety matches were allowed to be carried as under deck cargo by steamers provided they were packed in cases. It was suggested that these matches should be allowed to be carried if packed in Ocean-paper also. The Committee requested the Government of India to let them know if they had any objection to matches being allowed to be carried if packed in Ocean-paper. The Committee pointed out that the Railway Companies were allowing the carriage of Safety matches packed in Ocean-paper. The Government of India in their reply stated that they were unable to accept the suggestion.

The Committee in a further communication pressed Government to let them know the reasons why they would not accept the suggestion for permitting Ocean-paper packing in the case of Safety matches for transport by steamers. The Committee drew the attention of Government to the change the railways had made this year in their regulations whereby safety matches packed in Ocean-paper were allowed to be carried. The Committee desired to know further whether similar packing conditions were prescribed in case of other inflammable articles.

Certificate of weighment and measurement for cargo shipped to Aden, Port Said, Suez and Alexandria.

The attention of the Committee was drawn to a recent decision of the Shipping Companies to insist upon the production of certificates of weighment and measurement of cargo issued by the Bombay Chamber of Commerce for shipments to Aden, Suez, Port Said and Alexandria.

The Committee thereupon addressed a letter to the Shipping Companies in question pointing out that such a procedure was unnecessary and introduced a system of avoidable taxation on the export trade of the country in the shape of fees for such certificates. They further added that if such certificates were to be insisted upon why the same should be issued exclusively by the Bombay Chamber of Commerce.

The Shipping Companies in their reply observed that the said system of certificates was found necessary to avoid disputes and to ensure correct freight being charged and added that as the Bombay Chamber of Commerce was already recognised as official measures, it was a matter of expediency to have one agency doing both measuring and weighing.

The question of the Indian Merchants Chamber undertaking similarly the work of measurement and weighment of cargo is under the consideration of the Committee.

Ports in the Bombay Presidency.

The attention of the Committee was drawn to a proposal before the Government of Bombay to appoint a Committee to enquire into the needs of the ports in the Bombay Presidency including the Dholera Port. They were also informed that the Bombay Chamber of Commerce, at the invitation of Government, had nominated a representative on the said Committee. As the Indian Merchants' Chamber had not received a similar invitation, the Committee addressed a letter to the Government of Bombay enquiring as to how no representation was given to the Chamber on the said Enquiry Committee. They pointed out that members of the Chamber were equally interested in the question of development of Ports in the Presidency.

The Government in reply informed the Committee that they did not consider it necessary to appoint a representative of the Indian Merchants' Chamber as an

ordinary member of the Committee, as the special nature of the enquiry at its early stages would not require his presence, and added that Government intended to co-opt a representative of the Chamber when the final recommendations of the Committee were discussed. The Committee have addressed a further communication to Government pressing their claim for representation on the said Committee.

Diversion of Rice Trade from Bombay and Port Charges.

It was represented to the Committee of the Chamber that the present Docks Wharfage charge on Rice was high and the same needed to be reduced if a diversion of Rice trade from Bombay was to be prevented. It was also represented that the period of free days allowed to the importers to clear the cargoes from the dock transit sheds, was short in comparison to the pre-war practice, and that the extra charge levied for additional days was excessive. The Committee felt that it was not possible to ask for reduction of the Docks Wharfage charge on Rice, as actually the Port Trust had thought of increasing the present charge, but had to abandon the idea on intervention from the Chambers' representatives on Port Trust.

The Committee, however, requested their representatives on the Board of the Bombay Port Trust to support suggestions for the extension of free period for clearing and for the reduction of the extra Wharfage Charges for delayed clearing.

Revision of Bombay Port Trust Docks Wharfage Schedules.

The views of the Committee were invited by the Bombay Port Trust on the draft revised Docks Wharfage Schedules. The principal features of the revised schedules were the amplification of the classification of goods under each item and the substitution of the per ton basis for the per baggage basis of charges. The Port Trust estimated that

the financial effect of the new schedules on the traffic for the year 1935/36 would be a decrease in revenue of Rs. 68,000. The Committee considered the changes proposed in the schedules and were in general agreement with the same.

In regard to copra, however, the schedule proposed an inrcease in the charge from Rs. 1/12 per ton to Rs. 2/- per ton. The Committee opposed this increase as there was a large traffic in copra and as the proposed increase would adversely affect the importers of copra and the oil-crushing industry in the Presidency. The Port Trust ultimately informed the Committee that they had decided to bring into force the increase but that if the increase was found to affect adversely the interests of importers or oil crushing industry, the matter would be dealt with under the powers proposed to be reserved to the Chairman of the Port Trust to grant rebates up to 20%, Subject to Board's confirmation.

In regard to Bullion—gold and silver—the revised schedule proposed an increase from Rs.1/12 to Rs. 2/- per package. The Committee enquired of the Port Trust the reasons justifying such an increase. In reply the Port Trust informed the Committee that the increase to Rs. 2/- would apply only to gold Bullion and that in regard to silver the existing rate of Rs. 1-12-0 per ton would be continued.

Docks Wharfage Charges on Oilcakes.

Under the schedule of Docks Charges of the Bombay Port Trust, oilcakes were charged at Rs. 1/4 per ton plus sur-tax. In the same schedule there was, however, a separate scale of charge for cattle food and some of the items under this heading were charged at a rate lower than that prescribed for oilcakes. As oilcakes were mainly exported for use as cattle food and as the price obtained for the same was in relation to such use, it was suggested to the Committee that the same should be charged under the heading 'cattle food' at a lower rate. The Committee

addressed a communication to the Port Trust supporting this suggestion and requesting the inclusion of oilcakes under the item cattle food for the purpose of wharfage charges.

The Port Trust in its reply agreed that the rate was relatively higher but added that a reduction could be considered only when the financial condition of the Trust improved.

Shipping charges for coir mats and mattings at Alleppey Port.

The attention of the Committee was drawn to a new system of weighing tonnage introduced at Alleppey Port in respect of coir yarn and coir mats and mattings.

The Committee have been in correspondence with the Travancore Durbar, Travancore Chamber of Commerce and the Alleppey Chamber of Commerce in regard to the probable effects of the change in system on the coir and mat industry of the country.

Bombay Port Trust Board.

Mr. L. R. Tairsee, one of the representatives of the Chamber on the Bombay Port Trust Board, from the General Section, resigned his seat for reasons of health and Mr. Sankalchand G. Shah has been unanimously elected as in his place.

Sir Purshotamdas Thakurdas, Kt., asked for leave of absence from meetings of the Board of the Bombay Port Trust during the period of his absence from the country in connection with the Indo-British Trade negotiations and Mr. Bhawanji A. Khimji was elected as a Trustee in his place for the period of the vacancy. Sir Purshotamdas has since resumed his seat on the Board.

Interview with the Railway Commissioners.

The Committee had an interview with Sir Guthrie

Russell and Mr. B. M. Staig, Chief and Financial Commissioners of Railways respectively, on 2nd August when the following points were discussed :—

1. Revision of Indian Railways Act.
2. Legislation regarding Statutory Railway authority.
3. Liabilities to the Depreciation Fund and General Revenues.
4. Revision of the terms of the Separation Convention.
5. Capital programme.
6. State Management of railways.
7. Outlook of the railways on questions concerning the general welfare of the country.
8. Report of the Railway Enquiry (Wedgwood) Committee.
9. Seasonal variations in freight rates for rice.

Report of the Railway Enquiry Committee.

The Committee addressed a detailed representation to the Railway Board expressing their views on the Report of the Indian Railway Enquiry (Wedgwood) Committee.

While the Committee agreed with some of the recommendations of the Report on technical and administrative issues, they regretted that on main issues affecting policy and the re-habilitation of Railway finances the recommendations of the experts were disappointing. In particular they objected to the suggestions for recruiting foreign personnel for some of the posts in the Railway services, the proposals favouring continuance of company management of Railways, and the suggestions designed to free the Railways from their contributions to general revenues of the country. They added that the policy of State-management should be strictly adhered to and that, as the success of provincial autonomy was dependent on the capacity of the Central Government to make adequate contributions to the Provinces, the railways should not be freed from their obligations to the general revenues of the country.

The Chamber's representation on the Local Advisory Committee of the B. B. & C. I. Railway.

On the expiry of the current term of office the Committee re-elected Mr. Masani, as the Chamber's representative on the Local Advisory Committee of the Railway for a further term of 2 years and informed the Railway Authorities accordingly.

Mr. Masani was out of the country in the second half of the year for about four months, during which period; Mr. Dhirajlal Modi was appointed as the Chamber's representative.

Representation of commercial interests on the Railway Rates Advisory Committee.

In response to a communication from the Railway Board, the Committee re-nominated the following gentlemen as the representatives of the Chamber on the commercial panel of the Railway Rates Advisory Committee :—

1. Mr. Manu Subedar, B.A., B.SC.
2. Mr. Mathuradas Vissanji.
3. Mr. M. C. Ghia, M.L.A.
4. Sir. Purshotamdas Thakurdas, Kt., C.I.E., M.B.E.
5. The Hon'ble Sir Phiroze C. Sethna, Kt., O.B.E.

Changes in Railway Rates—Machinery for advising.

The G. I. P. and the B. B. & C. I. Railway jointly invited the views of the Committee on a proposal to establish a central organisation for advising firms promptly of changes in Goods Rates.

The Committee in reply, stated that while agreeing with the need for arrangements for the expeditious supply of information relating to rates, they disapproved of the

proposal for a separate organisation for the purpose. They also did not agree to introduction of any system of charges for the supply of such information. They suggested that this work of supplying information should be done by the existing commercial departments of the various Railways.

Introduction of the system of Return Tickets over the Railways.

The Passsenger and Traffic Relief Association, Bombay, had submitted a case to the G. I. P. Railway for the introduction of the system of Ordinary Return Tickets over the Railway, and requested the Committee of the Chamber to support the same.

The Committee after fully considering the matter, addressed the G. I. P. and the B. B. & C. I. Railway authorities, strongly recommending the introduction of the system. They pointed out that these return tickets would give facilities to all travellers alike whether they were commercial or general. As a matter of fact such a system was once prevalent practically over all the Railways in the country and when the question of exploring new sources of revenue was seriously engaging the attention of the Railways such a concession which was bound to be popular should be tried. In support of the above suggestion they instanced the case of the B. N., E. I., E. B. and N. W. Railways, who were issuing such Return Tickets.

The G. I. P. Railway in their reply stated that return tickets at reduced fares were issued between nine important business centres as an experimental measure, and any extension of the system would be considered after watching the results thereof.

The B. B. & C. I. Railway in their reply stated that return tickets for fixed periods at one and a half full fares were being issued between certain selected stations and they would consider the question of further extension of

this concession if the results of the working showed enhanced earnings to the Railway.

Simplification of Goods Tariff.

The G. I. P. Railway informed the Committee that in response to public criticism they were contemplating a revision of the Tariff with a view to simplifying the same and invited the Committee's suggestions in this regard. The Committee sent a reply on 12th June 1937 welcoming the efforts for the simplification of the tariff so as to make it intelligible to laymen and suggested the splitting of the main volume viz., Part I A into two, so as to make all the general information with which the public were ordinarily concerned available in a small booklet to be sold at a popular price of say 4 annas per copy. Arising out of this reference, they also sent a detailed letter pointing out the directions in which the general rules in the tariff required revision.

Seasonal variations in freight rate for rice over the B. B. & C. I. Railway.

The B. B. & C. I. Railway has been quoting a reduced rate from April to June for the carriage of rice. To take an instance, during this period this year, the freight per maund of rice from Bombay to Baroda was Rs. 0-5-11, while for the same weight the rate quoted with effect from 9th June is at the increased rate of Rs. 0-8-1. Obviously the reduced rate in the first case was quoted to meet the competition from country crafts and when owing to monsoon this competition was absent the Railway reverted to the higher rate. At the instance of the Rice Merchants' Association the Committee addressed a communication to the B. B. & C. I. Railway authorities pointing that such variations in the rate were unfair to the trade. They expressed their opinion that the Railway should quote all along a uniform rate and should not take advantage of the absence of competition at particular period to raise the same.

This point was also brought up before the Railway Commissioners at their interview with the Committee. The Commissioners promised to discuss the matter further with the B. B. & C. I. Railway administration.

Railway freight on tobacco from Guntur.

This is an old question on which the Committee had carried some correspondence in the year 1934, but without any result. The facts of the case are as under:

Railway freight on tobacco between Guntur and Calcutta is about Rs. 1/15 per bale of 3 maunds, whereas the freight from the same station to Bombay, almost the same distance is Rs. 8/- per bale. This disparity in freight for the same weight and over about the same distance, it was contended, placed the Calcutta manufacturers of cigarettes at considerable advantage over their competitors in Bombay. The Committee of the Chamber recognising the grievance of the Bombay manufacturers had in the year 1934 strongly pressed upon the railway authorities the need for removing the disparity. As from the previous correspondence it was evident that the railways in question were not inclined to consider the matter favourably, the Committee decided to request their representative in the Legislative Assembly to have the matter raised on the floor of the Assembly by suitable interpellations.

Refrigeration facilities over Railways.

A suggestion was made to the Committee that the Railways should be requested to provide refrigeration facilities for the transportation of perishable goods like fruits, vegetables, fresh butter, etc. Accordingly, the Committee addressed on 5th March 1937, letters to the Traffic Managers of the G. I. P. and the B. B. & C. I. Railways impressing upon them the need for such facilities over their lines and pointing out that the introduction of the facility would greatly help the transportaion of agricultural products. They added that when the question

of air conditioning upper class passenger bogies was under consideration, the suggestion for refrigeration arrangements in one or two luggage cars for perishable goods should also be usefully considered.

Special tariffs for selected commodities—G. I. P. Rly.

The G. I. P. Railway recently published a pamphlet showing the rates in operation for Cotton, Fully Pressed, over its system. As the Railway desired to introduce further tariffs dealing with individual commodities or groups of commodities on the lines of the above special tariffs for cotton, the views of the Committee of the Chamber were invited as to for what further commodities such tariffs could advantageously be issued.

The Committee in reply recommended the issue of such tariffs for the following commodities viz., cotton piecegoods, rice, wheat and wheat flour, oil seeds and sugar.

Proposal of the B. B. & C. I. and G. I. P. Railways re: freight charges on Commodities with alternative large lot or wagon load classifications.

The views of the Committee were invited by a joint letter from the B. B. & C. I. and the G. I. P. Railways on the 22nd Junuary 1937 on the question of charging freight rates on commodities with alternative large lot or wagon load classifications. The Railways observed in this connection that 28 commodities out of 1500 had reduced classifications when consigned in large lots or wagon loads, and that the reduced classifications were introduced 25 years ago in an attempt at simplification. They now felt that such a procedure had created an anomalous position in that it gave these commodities preferential treatment. In their opinion there were no special reasons why these particular commodities alone should have reduced classifica-

tion particularly as many of them referred to unimportant items of traffic which seldom moved in wagon loads.

The Committee in their reply on the 18th February strongly protested against the proposal to do away with the special concessions for wagon loads for the 28 commodities referred to by the railways. They observed that in the first place the articles mentioned in the list such as chilies, bamboos, bidies, bidi leaves, cigarettes, earthenware, fibres, garlic, ginger etc., were not at all unimportant and in the second place if they were moving in small lots, they were already paying the enhanced rates. If, however, these commodities were moving in wagon loads, and paid the concessional rates, it was not at all adverse to the interests of the railways. Some of these articles were very important to agriculture, and some were used by small industries. Under the circumstances, the Committee were strongly of opinion that the concessions which were at present being given to all these articles for wagon loads should be allowed to continue.

Concession in railway freight for dry and milch cattle.

The Committee of the Chamber had been carrying on correspondence with the Railway Board, G. I. P. and B. B. & C. I. Railways with regard to concession rates for transportation of dry cattle on the various Indian railways. Sometime back the G. I. P. Railway informed the Committee that during the period from 1st June to 30th September 1937 dry buffaloes and cows when despatched by goods train from Bombay to any station on their railway would be charged at a special rate of Rs. 0-2-9 per 4 wheeled wagon per mile O. R. L. subject to a minimum charge of Rs. 5/- per 4 wheeled wagon, while the B. B. & C. I. Railway informed that it was not possible to quote reduced rates firstly because cattle wagons did not run empty in dry weather and secondly because the Government Live Stock Expert did not approve of cattle being removed from Bombay except during the

monsoon months. With regard to the quotation of reduced rates during the monsoon which were in operation in 1935/36 the B. B. & C. I. Railway had lost revenue by granting the concession as it had caused no increase in traffic and as there was no reason to suppose that the position would be different in future years, they had withdrawn even this concession. The Committee thereupon requested their representative on the Local Advisory Committee of the B. B. & C. I. Railway, to take up the matter with that body and do the needful in the matter.

In this connection the representatives of the Chamber and certain other associations interested in the question had an interview with the General Traffic Manager of the B. B. & C. I. Rly. on 6th July 1937, when the matter was fully discussed. The Traffic Manager informed those present that the railway would investigate the possibility of some concession on the basis of transport over a minimum number during a season.

Railway Freight on stoneware jars and earthenware crockery.

The Indian Chamber of Commerce, Calcutta, on behalf of one of their members, represented to the Committee that the B. B. & C. I. Ry., were charging on stoneware and earthenware crockery higher rates in comparison with the rates charged by other railways for respective distances. The above Chamber requested the Committee to take up this matter on their behalf as the Head Offices of the railway concerned were located in Bombay. Thereupon, the Committee addressed the B. B. & C. I. Ry., pointing out that the rates quoted by them to the Calcutta firm in respect of the above were, in comparison with other railways, very much higher, and pointed out particular instances of such disparity.

The Committee therefore urged the railway to look into the matter and consider the question of reduction in rates from Calcutta to stations in Ahmedabad and Baroda districts.

Changes in railway classification—proposals before the Indian Railway Conference Association.

The Indian Railway Conference Association from time to time invited the views of the Committee on various suggestions under consideration regarding changes in freight classification. The Committee after consulting trade interests concerned, made such suggestions in respect of such changes, as were received from such interests. The following were the more important commodities in respect of which such changes in classification were considered during the year.

Bump Yarn—floatine or treetex yarn—canvas—Rubber and steel hoses—Motia water—Asbestos cement joinings —Acid Calcium phosphate—cotton linters—iron and steel mattresses—drugs—ink etc.

Railway Insurance Charges for Treasure.

In the report of the Committee for the year 1936 it was mentioned that the question of a reduction in the rates of insurance of treasure over the railways was under discussion. As a result, the G. I. P. Railway informed the Committee that the rate of insurance on consignments for treasure had been reduced from As. 2 to As. 1 per cent. subject to a minimum of As. 8 per consignment with effect from 1st June 1937.

The B. B. & C. I. Railway, however, replied that it was decided not to make any change in the rate as enquiries made in the matter had shown that it would not cover the extra expenses incurred in sending guards. The Committee, therefore, addressed a further letter on 3rd June 1937 to the B. B. & C. I. Railway pointing out that their contention that a reduction in rate would not pay them was untenable in view of the reductions already effected by the G. I. P. Railway and reiterating the need for making the charges uniform on both the raliways.

Improvement of Ravalgaon—Dabhadi Road (Nasik Dist.).

It was represented to the Committee that the Bombay Board of Communication would shortly consider the improvement of Ravalgaon—Dabhadi Road, out of the Road Development Fund, at their next meeting. The Committee, therefore, requested the Chambers' representative on the Board of Communications to support the proposal when the matter came before the Board for consideration.

The Motor Vehicles Insurance Committee.

The Views of the Chamber were invited by the Motor Vehicles Insurance Committee, recently appointed by the Government of India. The Committee of the Chamber in submitting their views on 21st January to the Motor Vehicles Insurance Committee, observed that most of the questions contained in the questionnaire issued by that Committee related to statistics and figures which might best be left to be replied by the motor trade etc., and they therefore did not think it necessary to reply to the same seriatim.

With regard to the main reference of the Motor Vehicles Insurance Committee, viz., the desirability of enforcing compulsory insurance of motor vehicles, the Committee were of opinion that a system of compulsory insurance for third-party risks for all motor vehicles, whether public or private, should be introduced in the country. Further the Insurance thus available should go only to Companies registered in India in rupee capital and with a majority of shares held by Indians and a majority of Indian directors on their Boards. With regard to the limit of compulsory insurance, the Committee did not wish to stipulate any figures, as they felt that it should be settled by Government in consultation with the motor trade and insurance companies.

In this connection, the Committee took the opportunity of emphasising the necessity for the present licensing

tests being made more rigorous and effective in the interests of the public. They further suggested that licences should be issued to those drivers who had passed through these tests, and a register of such licensed drivers be maintained.

International Tele-Communications Conference, 1938.

A member drew the attention of the Committee to the International Radio Conference to be held at Cairo in February 1938, when various proposals affecting the shipping industry such as questions relating to mate operators and qualifications in regard to conditions of wireless operators, mobile stations and wireless telephony would come up for consideration. The Committee addressed a letter to the Government of India requesting them to include a representative of Indian shipping in their delegation to the said Conference, just as other maritime governments proposed to do, in view of the far-reaching importance to shipping of the problems to be discussed thereat.

The Government of India in their reply stated that they were unable to have a shipowner in their official delegation, as by the Madrid Convention private enterprises were recognised to participate only in a consultative capacity, and the national shipping interests of the various countries did not answer to the definition of 'private enterprise' given in that Convention.

Postal & Telegraphic rates between India and Burma.

Consequent upon the separation of Burma from India, it was notified that the rates for Postage and rates for telegrams from India to Burma and from Burma to India would be increased from 1st April 1937 on the lines of the rates prevalent for countries in the British Empire.

The Committee sent a telegram to the Government of India protesting against the enhancement in the said rates and pointing out that such increase would

come in the way of the continuance of Indo-Burma fraternal and business relations ; prove a heavy handicap on trade and industries and were against the spirit of the Indo-Burma Trade Agreement, which provided for the continuance of the *Status quo* with regard to trade relations between India and Burma.

Postal holidays on days which are not Bank holidays.

It was represented to the Committee that Saturday, the 4th December 1937 had been declared a postal holiday on account of Id, though it was not a Bank holiday under the Negotiable Instruments' Act either in Madras or Bombay. It was pointed out that postal holiday on a day when business houses and public houses remained open would cause great inconvenience.

The Committee thereupon addressed a letter to the Director General of Posts and Telegraphs pointing out that commercial houses would be much inconvenienced if the Post offices were not kept working on such days, when all public offices and business offices were open.. The Committee desired that postal holidays should coincide with Bank holidays and that the Postal department should not have separate holidays. The Committee suggested that the Postal holidays should be fixed annually after obtaining the Bank holidays declared by the various Provincial Governments to avoid the difficulty.

The Director General in his reply referred to the particular circumstances under which a separate postal holiday was declared on the 4th December 1937 and assured the Committee that the general consideration advanced by them that postal holidays should as far as possible coincide with Bank holidays would be borne in mind so far as the future was concerned.

Delay in the Mails from Bombay to Basrah.

The Committee received a complaint from a member regarding recent delay in the despatch of mails from

Bombay to Basrah. Between Bombay and Basrah there are two services, one fast service, leaving Bombay every Tuesday and reaching Basrah within about 8 days and another slow service leaving Bombay on Wednesday and reaching Basrah after about 20 days. The Committee were informed that till recently all mails from Bombay were being sent by the fast service, but the Postal authorities have changed the procedure and were generally making use of the slow service for purposes of despatch of mails. The complaint also expressed the fear that such a change over was done with a view to bring about indirect pressure on the users to make increased use of the air mail service.

The Committee addressed a communication to the Presidency Postmaster pointing out the inconvenience caused by the change and asking for information as to the reasons which led to the same.

In reply the Deputy Director General, Postal Services by his letter of the 9th November 1937 stated that the fast Gulf mail service was discontinued from April 1937 and the slow Gulf mail service was made weekly. He also stated that the present air mail service would be replaced by the Empire Air Mail scheme by about the beginning of next year when letters and postcards for countries participating in that scheme would be despatched five times a week by air and a uniform rate of postage of As. 2½ per ½ oz. in respect of letters would be introduced.

Mails to Baramati.

On a suggestion received from the Maharashtra Chamber of Commerce, through group No. I of the Railway Closer Contact Committee, the Committee of the Chamber requested their representative on the G. I. P. Railway Local Advisory Committee to move in the matter of securing arrangements for earlier delivery of mails to Baramati from Bombay. It was felt that if arrangements were made for the feeder service from Dhond to Baramati to run a train

early in the morning such mails could be delivered two or three hours earlier than possible at present, and such earlier discovery would be very much appreciated by the merchants.

Designs for Business Reply Postcards and Envelopes.

The Director-General of Posts and Telegraphs invited the views of the Committee on the proposal to introduce standard design for business reply cards and envelopes and requested their approval to the specimen standard under consideration.

The Committee expressed themselves in favour of such a proposal, and added that if possible arrangements should be made for placing such standard cards and envelopes for sale at all the Post Offices.

Stamping of Delivery Time on Postcards.

Till March last Postcards were generally used to be impressed with stamps of the office of delivery, the latter showing the date and time of delivery. From April, the stamp of the delivery office was discontinued. The Committee addressed a letter to the Post-Master-General Bombay suggesting the need for continuing both the despatch office and delivery office stamping. They pointed out that such a procedure helped to ascertain the time when the postcards were received by the Postal authorities and also in some cases served as legal evidence of such delivery. They, therefore, suggested that the old practice should be continued.

Reduction in Telephone Charges.

The Committee addressed a representation to the Bombay Telephone Company urging them to effect reduction of charges for the telephone service. They pointed out that they had addressed the Company with a similar request in 1935, when the Company made some reductions early that year and said that they were not in a position

to make further reductions. The Committee maintained that the figures resulting from the reduced rates effected in 1935 showed that the Company had not to face any reduction in revenue from subscriptions. On the contrary the revenues indicated a substantial increase. On the basis of the favourable results obtained by providing cheaper service to the public, the Committee strongly advised the Telephone Company to make a substantial reduction in their rates. The Committee contended that the reduction would bring in a larger number of subscribers with consequent increase in revenue and thus help the Company to fulfil its due objective as a public utility concern. The Committee also particularly suggested that the following items should be subjected to a reasonable decrease in charges at present levied:

(1) Charges for transfer of a telephone to a different part in the same room or building, etc.

(2) Heavy extra charges levied for the Plug and Jack fittings.

(3) High scale of charges collected for the supply of extra length cords.

The Committee also objected to the extra charge of Rs. 10 for the first four years for the supply of hand microphone, and requested that the same be abolished.

In reply the Company informed the Committee that their Board were of opinion that no reductions could be made for the time being. They, however, promised to review the position each year when the annual accounts were completed.

The Committee addressed a further communication expressing disappointment at the decision of the Board. They also reiterated the case for a reduction in the charges for longer cords.

II. FINANCE, TARIFF AND TAXATION

Budget of the Government of India for 1937-38.

In a communication addressed to the Government of India, Finance Department, on 2nd March 1937, containing their views on the Financial Statement of the Government of India for the year 1937-38, the Committee observed—

that the gradual shrinkage in the revenues indicated the need for examining expenditure with a viw to retrenchment, for which a Committee of enquiry was necessary;

that the burdens consequent upon the new Reforms were heavy;

that the proposed review of the Niemeyer proposals should not involve injustice to Provinces like Bombay;

that the military expenditure was likely to increase due to war scare;

that the increase in the Sugar Excise duty and the re-arrangement of the import duty on sugar reducing the level of protection to the indigenous industry would adversely affect the position and development of the industry;

that the Finance Member's observations on the policy of protection and diminishing returns from protective duties were not justified;

that absolute reduction in postal rates without changing the units and reversion to the half-anna post card and reduction in parcel rates were desired;

that while Gold was being allowed to be exported freely, restrictions on the import of silver by enhancement of duty thereon was prejudicial to the interests of the country; and

that the remarks of the Finance Member about the Rupee being not over-valued were unconvincing.

The Railway Budget of the Government of India for the year 1937-38.

The Committee issued a memorandum on the 24th February 1937 on the Railway Budget itroduced in the Legislative Assembly by the Hon'ble the Commerce & Railway Member, for the year 1937-38, in wich they dealt with the following points:—

1. Railway finance.
2. Increase in rates and freights.
3. Rail-Road competition.
4. Liability of Railways to Depreciation Fund.
5. Personnel of the Wedgwood Committee.
6. Experimental running of air-conditioned coaches.

Bombay Stock Exchange Enquiry.

The views of the Committee of the Chamber were invited by the Government of Bombay with regard to the organisation and methods of working of the Native Share & Stock Brokers' Association for which a Committee of Enquiry was appointed by Government.

The Committee submitted a memorandum containing their views on the question, in which they stressed the need for safeguards to prevent over-trading, which was mainly responsible for the difficulties experienced in the working of the exchange. They suggested the classification of members of the exchange into two distinct group of Jobbers and Brokers making it penal for a broker to do jobbing or vice versa. They requested that the Enquiry Committee should consider the practicability of enforcing a system of margin in forward dealings. They further recommended the fixation of a minimum scale of brokerage, the imposition of some restrictions in the working of sub-brokers, the continuance of the restriction against the admittance to the exchange of persons engaged in other trades and the association of certain public men in the

management of the affairs of the Exchange by providing for representation on the Board of the Exchange to public bodies like the Chamber.

Subsequently, Mr. Mangaldas B. Mehta, accompanied by the Secretary of the Chamber gave oral evidence on behalf of the Chamber before the enquiry Committee.

Recommendations of the Stock Exchange Enquiry Committee.

On 2nd June 1937 the Committee addressed a communication to the Government of Bombay, Finance Department containing their views on the Report of the Stock Exchange Enquiry Committee. The Committee generally supported the recommendations of the Enquiry Committee regarding additional powers to the Board of the Exchange, strengthening of the rules in regard to defaulters, fixing of minimum scale of brokerage, restrictions on holidays, introduction of a system of margin, restrictions on sub-brokers, prohibition of speculative dealings for employees and the proposed limitation of the privilege of retaining connection with other business to pre-1926 members of the Exchange. They, however, strongly opposed the recommendations of the Enquiry Committee by which power was sought to be given to Government to make and amend the rules of the Exchange and to appoint directors to work with the Board of the Exchange, if possible, or independently, if necessary, under certain circumstances. They pointed out that the powers already held by Government in the matter of recognition of the Exchange, withdrawal of such recognition and approval of rules were sufficient to secure a general control over the affairs of the Exchange and that the suggestion for powers of internal interference in the affairs of the Exchange by superseding the Board of Directors etc., was retrograde and was not acceptable to the commercial community. At the same time, they reiterated their suggestion before the Enquiry Committee that the Board of the Exchange should contain some representatives of the Bombay Legislative Assembly

and public bodies like the Indian Merchants' Chamber. They also repeated their recommendation for the classification of members of the Exchange into jobbers and brokers as such a step, in their opinion, would be materially helpful in checking overtrading, a malady to which most of the ills from which the Exchange was suffering, might be attributed. Finally they requested Government to take in hand the question of giving immediate effect to the recommendations of the Enquiry Committee.

Reserve Bank of India and direct relations with indigenous bankers.

The Reserve Bank of India had addressed a circular letter to all Scheduled Banks and the Shroff Association on 6th May 1937 on the question of the direct business relations of indigenous bankers with the Reserve Bank. The main conclusions set forth in that letter were that it would be impossible for the Reserve Bank under existing condition to deal with indigenous bankers direct and that for the time being a scheme enabling such indigenous bankers to transact business with the Reserve Bank through the scheduled banks be considered and formulated.

The Committee after considering the issues arising out of the said communication, addressed a latter on the 24th June 1937 to the Reserve Bank pointing out that the intentions of the legislature in regard to the association of private bankers with the Central Bank of the country would be defeated by such a scheme of indirect linking and that by suggesting the same the Reserve Bank authorities were evading the real issue. The Committee reiterated the demand for a scheme of direct linking of indigenous bankers with the Reserve Bank under certain restrictions and regulations, thus affording to such indigenous bankers adequate recognition of their place in the banking economy of the country. The restrictions and regulations to be observed by such private bankers suggested by the Committee were that such bankers should separate their banking business

from all other business, that they should maintain separate and properly audited accounts of the banking business with proper legal provisions for any other business, that they should have freedom to conduct any other business provided the same was not speculative in character, that they should submit periodical reports to the Reserve Bank of their activities, that they should set apart for their banking business a capital not less than Rs. 2 lakhs and that they should be freed from the provisions of the Reserve Bank Act in regard to the deposit of cash reserves applicable to scheduled banks.

The Committee urged upon the Reserve Bank authorities to submit to the Government of India necessary amendments to the Reserve Bank of India Act securing direct linking of indigenous bankers with the Reserve Bank and providing for all the necessary powers for the Reserve Bank authorities for regulating such linking.

Draft Scheme for linking indigenous Bankers with the Reserve Bank of India.

The suggestion in the draft scheme viz., that the Shroffs should confine their business to Banking as defined by the Indian Companies' Act, and that any other business that they might be conducting should be wound up within a reasonable time, was objected to by the Committee on the ground that it was impracticable and calculated to lead to the exclusion of the Shroffs from the ambit of the Reserve Bank. The Committee drew the attention of the Reserve Bank to their letter No. 1770, dated 24th June 1937, where they had mentioned that they were of opinion that there should be separation of Banking from other businesses conducted by the Shroffs. At the same time they felt that "they (Shroffs) should have freedom to conduct other business provided it is not speculative and there should be a strict regulation that indulging in speculative transactions would, at the discretion of the Reserve Bank authorities, make them

ineligible for being included in the schedule. If the Reserve Bank would insist on the Shroffs maintaining proper books of account and having them audited by the registered Accountants, with periodical inspection of the books by the Reserve Bank, the difficulty would be obviated. This would enable the Bank to determine the status of the Banker from time to time. Any legal segregation of their Banking business would not only react on themselves but affect general trade and commerce as every Banker is a potential trader."

The Committee agreed with the suggestion that the Shroffs should have a capital of Rs. 2,00,000, but did not agree that this capital should be increased to Rs. 5,00,000, in five years in order to enable the shroff to continue to be on the schedule, as there was no such provision in case of scheduled banks. The Committee suggested that the Bankers should be advised to increase their resources in course of time.

Regarding deposits, the Committee clearly stated that the Indian Companies' Act was concerned with Joint Stock Banking and the definitions under the Act did not apply to Shroffs who had their own business practice and system. The Committee advised that taking of deposits should not be made an essential condition for recognition by the Reserve Bank. They also suggested that the Shroffs should file with the Reserve Bank, periodical statements, but that they should not be compelled to publish their returns as prescribed for Banking Companies under the Act. The Committee suggested that such returns might be submitted to the Reserve Bank not more than once a month.

They agreed with the suggestion that no deposit should be taken from the Shroffs already affiliated to the Reserve Bank. The clause in their case regarding deposit to be taken after five years might be dropped for the present and considered at the end of five years.

With regard to the suggestion that the scheme would be a tentative one for a period of 5 years,

the Committee feared that if after having evolved a scheme for linking the Shroffs with the Reserve Bank, and putting it into operation the said arrangement was to be merely a tentative affair for a term of five years, the whole idea behind the draft scheme would be subject to grave suspicion and that the Shroff would be ultimately ousted from the position now made ready for him.

The Committee stated that they were in agreement with the representation addressed by the Bombay Shroff Association on the subject.

Annual Report of the Controller of Currency.

On 19th February 1937 the Committee had addressed a communication to the Reserve Bank of India enquiring if the Report of the Controller of Currency would in future be published by the Reserve Bank of India as the Bank had taken over the currency operations from the Government of India in terms of the Reserve Bank of India Act. On 20th March they were informed that the Reserve Bank did not propose to continue to publish the report exactly on the lines of the previous reports of the Controller of Currency as all information contained in the Controller's report was available in the monthly statistical summary published by the Bank and the Government of India publications such as the budget, and the Mint Report. On 28th April the Committee addressed a further communication to the Reserve Bank pointing out that the arrangement proposed was not satisfactory, that the report of the Controller of Currency as issued in the past was a comprehensive and self-contained document and included in a self-contained manner much information that was useful to the students and the commercial community. They therefore urged that the Reserve Bank should continue to publish the report on the lines of the Controller of Currency.

The Reserve Bank in their reply stated that it had been decided to publish annual reports on the

lines as mentioned above and a combined report for the years 1935/36 and 1936/37 was published recently.

Statistical Tables relating to Banks in India.

This publication issued by the Department of Commercial Intelligence & Statistics at present mainly consisted of tables classifying statistics in respect of Banks and banking activities under various heads. A suggestion was made to the Committee of the Chamber that if explanatory notes were added to these Tables, examining the trend and progress, the same would be useful and the position presented by the statistics would then be more easily understood by businessmen and students, as no separate Official Year-book in regard to Banks and banking was issued in this country.

The Committee accordingly addressed a communication on 20th March 1937 to the Director General of Commercial Intelligence and Statistics requesting him to include such explanatory notes in the future issues of the publication.

Trade Agreements and ratification.

The Committee addressed a letter to the Government of India, Department of Commerce, suggesting that in future before any Trade Agreement was ratified, the same should be subject to the approval of the Indian Legislature. They pointed out how in the past the terms of such Agreements were such as had not the approval of the country at large or of the commercial community and in order to prevent such an unsatisfactory state of affairs they felt that it should be normally laid down that only such agreements as were acceptable to the Indian Legislature should be ratified.

In this connection, they also referred to the Constitutional limitations imposed by the Government of India Act in regard to the right of India to enter into such

agreements. Under the Government of India Act, external affairs being a Reserved subject, it was naturally felt that such agreements would have to be formally signed by the Governor General as representing His Majesty's Government. The Committee, however, claimed that such a constitutional position should not be interpreted as denying to the Government or the Indian Legislature the right to determine the scope and terms of such agreements. Agreements as are decided upon by the Legislature only should be entered into, although for fulfilling the technical requirements they may have to be signed on behalf of His Majesty's Government.

Indo-British Trade Negotiations.

Reports reached the Committee that the representatives of the Government of the United Kingdom in connection with Indo-British Trade negotiations were pressing for an increased margin of preference. The Committee thereupon sent the following telegram, on 23rd July, to the Government of India expressing their categorical disapproval of any efforts for increasing the margin of preference to U. K.

> "Committee of the Indian Merchants' Chamber feel very disturbed at the course of Indo-British Trade Negotiations. Apprehend United Kingdom pressing for increased preference involving reduction of basic duties. This will very seriously hit numerous industries at present established in India. Fear consequences grave position involving increased preference to Britain and reduction of existing scale of revenue duties will be wholly unacceptable to Indian business community since it will mean a direct subsidy to Britain at expense of capital and labour engaged in these industries."

A copy of the above telegram was also sent to Sir Purshotamdas Thakurdas, Kt., in London, for the information of the unofficial Advisers to the Negotiations.

Abolition of the Import Duty on Pig Iron in the United Kingdom.

The attention of the Committee was drawn to the decision of His Majesty's Government to abolish the duty of 33 1/3% on the imports of pig iron into the U.K. The Committee thereupon drew the attention of the non-official Advisers in connection with the Indo-British trade negotiations to the above decision and pointed out that the privilege of duty free entry of Indian pig iron into the U.K. ensured under Article I of the Indo-British Trade Agreement and under Article 6 of the Supplementary Agreement of 1933, was considered to be in the nature of a preference for Indian pig iron, in return for which certain preferences were given to British imports of iron and steel in India and that the abolition of the duty by the U.K. altogether removed that element of preference. They added that such unilateral action in an arrangement covered by a bi-lateral Agreement amounted to repudiation of obligations under the Agreement and requested the non-official Advisers to bear that point in mind in connection with the negotiations for a fresh Agreement with the United Kingdom.

Indo-Japanese Trade Agreement.

The Committee issued a Statement on the 29th April 1937, containing their views on the new Indo-Japanese Trade Agreement. They regretted the absence of any provision in the agreement for affording protection to the miscellaneous Indian industries against Japanese competition. Regarding the quota for piece-goods, they pointed out that if necessary adjustments consequent upon the separation of Burma from India were made it would be found that India would have to absorb 30 million more yards than under the quota under the old agreement.

Protection to small Industries against Japanese competition.

At the time of the Indo-Japanese Trade negotiations, the claims of small industries in the country for protection

against Japanese competition were strongly placed before the Government of India. However, in the agreement as finally entered into with that country, no specific provisions for safeguarding such industries were included. It was expected that the Government of India would deal with the requirements of such industries separately. Accordingly early in June the Government of India announced their intention of examining the position of such industries vis-a-vis Japanese competition, and placed an Officer, Mr. R. K. Nehru, on special duty for the purpose. The Special Officer issued a detailed questionnaire on 15th July, calling for information from the industries concerned.

The Committee went through the questionnaire and, as they were not quite satisfied with the procedure and scope of the enquiry, addressed a letter to the Government of India on 12th July wherein they pointed out that the proper course in such an important matter would have been the appointment of a special Tariff Board to deal with the same. They also suggested that a strict statistical examination of cases of industries as in the case of other Tariff Boards should not be resorted to in this instance, as the industries concerned were not sufficiently organised to present their cases with full facts and figures and as in some cases such facts and figures were not available in a collected form. The Committee also circularised all the members drawing their attention to the enquiry and advised those interested to prepare and present their cases to the Government of India. Later on after the receipt of the questionnaire, the Committee forwarded copies of the same to firms and persons likely to be interested in the Enquiry.

In connection with the enquiry the following industries forwarded to the Committee copies of their cases for assistance submitted to Government :

(1) The Millowners' Association, Bombay, for the Cotton Yarn and Cotton Blanket Industry.

(2) The Healds and Reeds Mfg. Co. of India, Ltd., for the Heald and Reeds Industry.

(3) Ogale Glass Works, Ltd., for the Lantern Industry.

(4) Kirloskar Brothers, Ltd., for the manufacture of Pumps.

The Committee after going through the above cases of industries addressed the Government of India supporting their representations for asistance. The Committee added that the depreciation of Japanese Currency had made such competition easier, and suggested that the proposals of Government for assistance should include automatic provision to counteract efforts to circumvent the tariff by further currency depreciation.

Suspension of Nehru Enquiry regarding Small Industries.

The Nehru Enquiry set up by the Government of India for examining the case of small industries against Japanese competition to which a reference was made earlier was suspended by Government by a press communique dated 3rd November 1937. The reason for taking such a step as reported was that in view of the unsettled political conditions in the Far East and the consequent rise in prices of Japanese imports into India, the competition had become less pressing and therefore the unsettled conditions could not be made a basis for tariff adjustment. The Committee thereupon addressed the Government of India emphasising that the Japanese competition was not a recent phenomenon and that the Enquiry was also to examine the effects of competition from other countries as well. The Enquiry was also to ascertain how far the imported articles were selling below even the cost of production of corresponding Indian made articles.

The Committee therefore urged Government to complete the Enquiry, issue a report and also formulate a line of action on the basis of the report. The Committee further recommended that the case of Hurricane Lantern

industry should be examined as the industry was in a perilous plight owing to foreign competition.

Tariff Board Enquiry regarding Protection to the Sugar Industry.

On 25th June 1937 the Committee submitted a memorandum to the Tariff Board communicating their views in reply to some of the questions in the questionnaire issued by the Board in connection with the sugar Industry enquiry. They referred to the phenomenal growth of the industry during the 7 years of protection and pointed out that by the results so far achieved the industry had justified its claim for the continuance of the protection. After tracing the history of the prices of sugar in recent years and analysing the causes for the present low level of prices, the Committee reiterated the necessity for continuing to the industry the existing level of protection. They also indicated various directions in which the State could help the industry in consolidating its position by enabling the full utilisation of the by-products of the industry, by making arrangements and provisions for carrying on of further research for the development of the industry, by assisting the industry in the matter of standardisation, rationalisation, marketing arrangements, etc., and by exploring possibilities of export markets for the industry.

On the question of export market the Committee deprecated the arrangement recently entered into at the International Sugar Conference whereby India was reported to have agreed to the prohibition of sea-borne exports of sugar from India except to Burma and regretted that such an arrangement should have been made without consulting the manufacturers in the country.

Levy of import duty on Indian goods by Indian States.

Complaints were received regarding the levy of import duty on Indian goods by some of the Indian States. The

Committee had requested the Government of India for information regarding details of such levy, and in reply Government informed them that as the extent and incidence of land customs varied with each individual State the best course was to enquire of the Durbars of the States concerned. It was, however, found difficult to get full particulars, but from the information made available before the Committee, it was evident that such duties were levied in some of the States, particularly in Kathiawar. As the question was one of All-India importance the Committee tabled the following resolution at the 10th Annual Session of the Federation of Indian Chambers of Commerce and Industry and the same was unanimously passed by that body :—

"The Federation is gravely concerned over the discriminating higher duties which are levied by some Indian States on the import of Indian products in their territorial limits than on imports of non-Indian products and urges the Indian State Administrations to abolish such discriminating duties which are detrimental to Indian Industries".

Import duty on wooden blocks for the manufacture of shuttles.

It was represented to the Committee of the Chamber that an import duty of 25% was levied on blocks of wood used for the manufacture of shuttles while the import duty on finished shuttles was 10%. The Committee thereupon addressed a letter to the Government of India pointing out that the question was examined by the Tariff Board in 1935. On that occasion the issue was whether there existed any tariff inequality i.e., whether the duty on imported shuttles was lower than the duty on the materials which had to be imported for the manufacture of shuttles. The Board, however, by stretching the argument of the incidence of duty as against the percentage of duty came to the conclusion that there was no tariff inequality.

The Committee, however, urged Government to examine this question on a much broader issue, stating that the Indian Textile industry was one of the most important industries in India and that the objective of Government should be to encourage the manufacture of mill and gin stores within the country itself. The total amount collected by way of duty on such wooden blocks, according to the information of the Committee, was just over Rs. 2,000 per annum and giving room for all the possible expansion in the industry the amount of the revenue could not be advanced as a serious argument against reduction in the duty asked for. The Committee therefore suggested that the wooden block used for the manufacture of shuttles should be allowed to be imported at 10% *ad valorem* along with various textile machinery and apparatus detailed in Customs classification 72 (1).

Government in their reply dated 14th September stated that they would consider the matter in due course jointly with other pending matters of a similar nature. The Committee thereupon wrote to the Government of India requesting them to furnish details of the Industries from which requests of a similar nature were outstanding.

Government by their letter dated 22nd November 1937 replied stating that the applications received asking for removal or reduction of import duty on raw materials were awaiting consideration till the financial conditions permitted of any reductions of duty asked for. The reply stated that it was not possible to disclose the details of such applications. The Committee thereupon made a further request to Government saying that the attitude adopted by them in the matter was not tenable and that they should reconsider the question and remove the tariff inequality in regard to such raw materials required for industries like the shuttle industry and the Healds and Reeds industry.

Abolition of duty on Wheat Flour imported into Burma.

Upto 31st March 1937 imports of wheat flour into Burma and India were subject to a protective duty of Re. 1 per Cwt. From 1st April 1937 the protective duty lapsed in India and the same was substituted by a revenue duty of 25% *ad valorem*. In Burma, however, on the expiry of the period of the protective duty, the import duty was altogether abolished and imports of wheat flour from foreign countries were allowed freely. This naturally had the result of placing exports of flour to that country from India at a disadvantage, in competing with the imports of foreign flour into that country, thereby adversely affecting the interests of Indian agriculturists, Indian millers and the Indian exporters of wheat flour. The Committee in a letter addressed to the Government of India on 2nd July 1937 pointed out that the above action of the Government of Burma affected Indian interests adversely, that the same was contrary to the spirit of the Indo-Burma Trade Regulation Order which ensured the continuance of the *status quo* in respect of Customs duty in Burma and India for a period of three years, that the Governor General should have consulted Indian interests before giving his sanction to the abolition, necessary under the Trade Regulations Order and urging that steps might be taken to get the Government of Burma to agree to the levy of import duty on flour at the rate prevailing in India.

Assessment of duty on Transformer Oil.

At present transformer oil is assessed to duty under item No. 27 (3) of the Tariff, viz: "all sorts of mineral oil not otherwise specified" at 25% *ad valorem* An exception is, however, made in the case of such oil when imported with the apparatus ; in the latter instance, under proviso to item No. 72 (3) of the tariff, the same is assessed to duty at 10% *ad valorem* as component part of machinery.

The Committee in a letter addressed to the Central Board of Revenue dated the 26th November 1937 pointed

out that the distinction sought to be made in assessing this commodity in two different manners as referred to above was arbitrary and artificial. They pointed out that the real criterion should be whether the commodity so imported was really used as a component part and if the commodity satisfied that test, there was no reason to deny the benefit of the lower duty merely on the ground that the same was not imported along with the machinery. They, therefore, suggested that transformer oil should in all cases be assessed to duty as a component part at 10% *ad valorem*. The Government of India in their reply dated 3rd December 1937 regretted their inability to alter the existing position. ...

Changes in the Customs Tariff of Southern Rhodesia.

The attention of the Committee was drawn to the recent increases in customs duty particularly on piecegoods imported into Southern Rhodesia. Before the increase, piecegoods imported into that country from India were assessable under Clause C of the Tariff of that country, viz., in respect of goods from British Colonies, Protectorates etc., at 10% *ad valorem*. After the increase such piecegoods were assessable under Clause B viz., the rate applicable to British Dominions, India etc., at 20% *ad valorem*. Under the old tariff Indian goods were subject to the same rate of duty as goods from British colonies, protectorates or possessions, but under the new tariff the same were placed on a higher classification, such colonies and protectorates getting a lower rate. Apart from the increase in rate, the Committee were unable to appreciate the occasion for such a distinction in the classification as between British colonies and protectorates and India introduced as a new feature in the tariff. The Committee, therefore, addressed a communication to the Government of India on 29th June 1937 drawing their attention to the above changes in the tariff and requesting them to take early steps to prevail upon the Government of Southern Rhodesia to afford to India the benefit of the lower classification

applicable to the United Kingdom products. The Govt. of India in their reply stated that Rhodesia was not a non-self-governing British Colony, and as such the Ottawa preferences did not apply to imports from Southern Rhodesia. "On the other hand Empire preference has been a feature of the Southern Rhodesian Tariff for some years and Indian produce on import into that country has been given the benefit of the preferential tariff without any reciprocity on India's part". The balance of trade between India and Southern Rhodesia was heavily in favour of India.

The Government of India promised to keep in mind the request of the Chamber regarding concessional tariff treatment of Indian Southern Rhodesia, and to take action when a suitable opportunity presented itself.

Abolition of Tariff Values for Copper and Brass.

For the purpose of assessment of duty on imports of copper and brass, the Government of India had fixed tariff values for the same. But by a notification issued on 29th May 1937 these tariff values were abolished, the duty being recovered on market value. The Committee sent a telegram to the Goverment of India on 16th June 1937 pointing out that such a change in the procedure for the collection of duty might bring about complications in the metal trade and upset arrangements already entered into on the basis of the definite expectation of a fixed amount of duty. They added that the existence of a preferential rate of duty for these metals rendered it difficult for trade calculations to ascertain the exact margin of preference as distinguished from percentage and pointed out that such uncertainties in regard to the amount of duty introduced complications in forward dealings. They, therefore, requested the the restoration of fixed tariff values for these metals on a revised basis, if necessary.

The Government have re-introduced the system of tariff values for these metals with effect from January 1938.

Changes in tariff-valued heads.

The Director General of Commercial Intelligence and Statistics invited the views of the Chamber to the proposed changes in the tariff values of (1) Soda caustic; (2) Dates, dry in bags; and (3) Metals.

The Committee replied as under:

(1) Soda caustic Petal is the same as Soda caustic flake and therefore the tariff value for both should be the same.

(2) Halavi quality in dates is not intermediate in quality and is inferior to some of those now charged under "other qualities." They have no objection to separate classification provided the values are properly fixed.

(3) The Committee had previously protested against the discontinuance of tariff values for brass and copper. They, therefore, welcomed the proposal to re-introduce tariff values for Brass and Copper.

Annual Revision of Tariff Values.

The members of the Import-Export Sub-Committee of the Chamber and the representatives of various firms interested in the Annual Revison of Tariff Values had an interview with the Director General of Commercial Intelligence & Statistics, India on 17th November when the various suggestions of the merchants in connection with the provisional list of tariff values for 1938 were discussed.

The Calcutta Port Trust Commissioners' representation to the Government of India re: Financial Position of Ports vis-a-vis protection to Indian Industries.

The attention of the Committee was drawn to a discussion in the Calcutta Port Trust which arose out of their application for relief in the form of a five year remission of the annual payments of 14.14 lakhs in respect of Kidderpore Dock loan. The Commissioners in the course of their representation to Government observed that there

was little doubt that high Customs duties in India have had an adverse effect and that they had undoubtedly effected the financial position of ports. While the Commissioners did not presume to criticise the policy of the Government of India re : the levying of protective duties, they claimed that there were grounds for granting financial assistance to the Port Trusts from general revenue because ports were certainly national assets which must be maintained in the interests of the country as a whole.

The Committee of the Chamber in addressing the Government of India on 11th February 1937 on his question observed that the plea which the Calcutta Port Trust had raised might be repeated by other Port Trusts and the question of protection to Indian industries might suffer as a consequence. The Committee, therefore, requested Government to be pleased to issue a press-note on this question to set at rest public apprehension on that score.

Interview with Mr. J. F. Sheehy, Member, Central Board of Revenue.

The Income-Tax sub-Committee of the Chamber had an interview with Mr. J. F. Sheehy, I.C.S., Member, Central Board of Revenue, on 24th June 1937, when the following Income-tax questions were discussed: (1) Taxation of income from property held by joint owners; (2) change of ownership of business and credit to successor for accumulated depreciation allowance; (4) Managing Agency sub-commission and assessment of recipient; (4) taxation of firms; (5) delays in income-tax refunds; (6) assessees and agreements in regard to amount of assessment; (7) production of branch books; (8) appeals against estimated income under Sec. 23 (4); (9) arrangement for examination of accounts; (10) tax deducted at source and allowance under Sec. 18 (5); and (11) income escaping assessment and refund of tax collected in excess.

Khan Bahadur J. B. Vachha, Commissioner of Income-tax, Bombay, was also present.

Report of the Income-tax Enquiry Committee.

The Government invited the views of the Committee on the report of the Income-tax Experts and on the 25th June 1937 the Committee submitted a detailed memorandum. The Committee therein supported some of the main recommendations of the Experts such as taxing the foreign income of residents in British India on the basis of the whole income arising, taxing the profits of non-residents arising in the country, introduction of the slab system, introduction of the system of carry forward of business losses, institution of income-tax tribunal for purposes of income-tax appeals and the various administrative reforms necessary to suit the convenience of the tax paying public. The Committee have also made suggestions for re-examination of the question of taxation of agricultural income, for doing away with the exemptions granted under Sec. 60 of Income-Tax Act, for making interest on sterling securities of the Government of India liable to Indian income-tax, for assessing the profits of the business of life assurance companies on the lines of the provisions in the English Income-tax Law, opposing the proposal to aggregate the income of the husband and wife for purposes of taxation and recommending the abolition of the existing double taxation relief arrangement between India and United Kingdom while continuing such relief arrangements so far as Burma and Indian States were concerned.

Bill to amend the Income-tax Act—nominal partnerships.

The Committee sent a telegram on 4th February 1937 in regard to the Bill to amend the Income-tax Act, introduced in the Legislative Assembly by the Hon'ble the Finance Member re : formation of nominal partnerships with wife and minor children. They observed that the report of the Income-tax Enquiry Committee should be taken as a whole and different recommendations should not be taken piecemeal. The Committee, therefore, requested Government to be pleased to withdraw the Bill. The Bill, however, was ultimately passed.

Proposal to levy a tax on Incorporated Companies transacting business within the City.

The attention of the Committee was drawn to a proposal before the Bombay Municipal Corporation for the levy of a tax on Incorporated Companies transacting business in Bombay.

The Committee addressed a letter to the Municipal Corporation pointing out that the prosperity of the City and of the Municipality depended largely on the prosperity of the business and Mercantile community of the City. Directly or indirectly the business community contributed substantially to the revenues of the Corporation. Various taxes such as the wheel tax, license fees, town duties, etc. were almost exclusively paid by the trade, industry and business of the City. The diversion of trade from Bombay consequent partly to the heavy Port Trust and other charges in the City was bound to be accentuated by fresh burdens on business such as the proposed tax.

It was argued that Calcutta and Madras levied such a tax. It must be noted in this connection that the incidence of taxation per head in Madras was Rs. 7-2-10 and in Calcutta was under Rs. 20/-, while Bombay paid Rs. 22-11-6 per head.

The Committee urged the Corporation to abandon the idea of levying a tax on business, incorporated or otherwise, as such action on the part of the Corporation was bound to drive out business from the City.

Refund of Town Duty on exports of Sugarcandy.

The Committee had addressed the Bombay Municipality in 1934 supporting the representation of the Sugarcandy Association, Bombay, to the Municipality in regard to the refund of Town Duty on sugarcandy manufactured locally and despatched out of Bombay. It had been pointed out that the refusal of the Bombay Municipality to grant refund of Town Duty on sugarcandy locally

manufactured and exported out of Bombay had a detrimental effect on the local industry which was subjected to severe foreign competition. In view of the fact that the foreign sugarcandy had been obtaining the benefit of the refund of Town Duty denied to the local manufacture and the technical difficulty in the way of treating sugarcandy on the same basis as sugar, the Committee had urged the Municipality to have the necessary amendments made in the Town Duty Refund Rules. The Bombay Municipality by their letter dated 25th October 1937 informed the Committee that the Corporation had framed the Town Duty Refund Rule 23B granting refund on the export of locally manufactured sugarcandy and that the rule had been submitted to Government for confirmation. The Committee thanked the Municipality for taking the necessary action.

Town Duty Refund Rules.

It was recorded in the report of the Committee for the year 1935 that as a result of the efforts which the Committee of the Chamber had carried on the Bombay Municipal Corporation had passed certain amendments to the Town Duty Refund Rules whereby the rejection of claims for refund of Town duty on the ground of clerical or other mistakes in any documents pertaining to such refund was sought to be prevented. Under the Municipal Act, however, the amendments had to be approved by Government. It would appear that Government sanction as required was not accorded, as in their opinion, in terms of Section 194A of the Municipal Act, the Town duty Refund Rules could not be amended unless the amendments first emanated from the Municipal Commissioner and were approved by the Standing Committee.

As fresh complaints about hardships and inconvenience caused by the working of the Town Duty Refund Rules were received, the Committee addressed a representation to the Government of Bombay on 20th December 1937 requesting that sanction should be accorded to a revision of the Town Duty Refund Rules as resolved upon by the

Corporation and suggesting that if according to Government no sanction could be given to any amendments of the rules unless the proposal for the same originated from the Municipal Commissioner, it lay with Government to amend the Municipal Act to the effect that action on his own initiative by the Commissioner should not be a condition precedent for the consideration of such amendments. The Committee placed special emphasis on the principle underlying this amendment in question viz., that errors and omissions should always be excepted, a principle which had been recognised in Section 525 of the Municipal Act.

Proposed Municipal Town Duty on coal, iron and steel and paper.

The attention of the Committee was drawn to the decision of the Bombay Municipal Corporation to expand the list of articles on which town duties were leviable. The proposal included town duties on new articles such as coal, iron and steel and paper. Interests representing the trades in these articles pointed out to the Committee that the proposal if carried into effect would do considerable harm to the respective trades. The Committee thereupon addressed representations to the Government of Bombay pointing out the harm likely to be done to the said trades and to the trade of the Port of Bombay by any such levy and requesting them not to accord their sanction to the proposal.

III. TRADE, INDUSTRIAL AND LABOUR LEGISLATION

Insurance Bill.

The Committee submitted a memorandum to the Government of Bombay on 2nd June 1937 containing their views on the Bill to consolidate and amend the law relating to the business of Insurance. After referring to the demands made by the Committee and the various commercial Associations in the country from time to time for a revision of the Insurance Law in India, they pointed out that the provisions in the Bill fell short of public expectations in the matter of direct assistance and protection to Indian concerns as against non-Indian concerns. They, therefore, suggested the inclusion of provisions in the Bill designed to give Indian companies tangible assistance, by making it obligatory that all insurance controlled by Government and quasi-Government departments be placed with Indian Insurance companies, that all industries which received protection from Government in the shape of direct bounties or by tariff should be by law made to insure with Indian companies, that all foreign insurance companies doing business in India should be asked to effect re-insurance with Indian insurance companies and that no new non-Indian company should be allowed to enter the business of insurance for the next 20 years.

Under the Bill it was sought to abolish the system of Managing Agency for the business of insurance by prohibiting the appointment of managing agents in future for insurance companies and by terminating, without compensation, the life of existing managing agencies after three years from the commencement of the new Act. The Committee opposed this provision as they felt that the abolition of the managing agency system would retard the growth of business of insurance in the country. They suggested that managing agency arrangements for this business should be allowed to continue with the regulations

and restrictions applicable to such angencies under the Indian Companies Act.

The Committee submitted detailed comments on the various clauses of the Bill; the full text of their views was published as a supplement to the June issue of the *Journal* of the Chamber.

Position of country craft underwriters under the Insurance Bill.

The attention of the Committee was drawn to a representation submitted to the Government by the Country Craft Underwriters regarding Insurance Law Amending Bill, wherein it was pointed out that such underwriters who were covering risk on transport by native craft and whose resources were limited, would not be able to find the heavy deposits prescribed under the Bill for Insurers doing marine business. The Committee commended their case for the sympathetic consideration of Government.

Limiting the period of employment of and remuneration to Managing Agents for Insurance Companies.

The attention of the Committee was drawn to the provisions in the Iusurance Bill as amended by the Select Committee limiting the period of employment of and remuneration to Managing Agents for Insurance Companies. The Committee thereupon sent a telegram to the Hon'ble the Law Member, strongly opposing the limitations proposed. They recommended that as under the Indian Companies' Act, Managing Agency periods should be fixed for 20 years and that their remuneration should be on the lines of analogous provisions in the Companies' Act. They reiterated that any provisions designed to eliminate Managing Agency for Insurance business would be premature and ill-conceived.

The Superintendent of Insurance under the Insurance Bill.

The attention of the Committee was drawn to Clause 2 (12) of the Insurance Bill, which as amended by the Select

Committee made it necessary that the Superintendent of Insurance should be a qualified actuary. The Committee thereupon addressed a letter to the Hon'ble the Law Member, Government of India, pointing out that having regard to the limited number of actuaries in the country, the amendment would have the effect of shutting out Indians from that appointment and added that the office would be better filled by a man combining in himself knowledge of Law and business who might not be an actuary. An actuary might be appointed as his assistant and technical adviser. The Committee urged, therefore, the advisability of removing the restriction for an actuary for the post by having an amendment made in the Council of State proceedings.

Legislation for the Registration of Trade Marks in India.

The Government of Bombay invited the views of the Committee on the proposal before the Government of India for the introduction of legislation for the registration of trade marks in the country. The Committee had in the past on various occasions pressed on the authorities the need for such legislation and they, therefore, welcomed the measure. Under the proposals of Government it was contemplated that the main Trade Marks Register should be kept at Calcutta in the Patent Office. The Committee were inclined to suggest the keeping of copies of such Register in all cities of commercial importance in the country. Having regard, however, to the fact that the same would entail additional expenditure for organisation, etc., they did not press for such a procedure. They, however, recommended that arrangements be made for a complete file of the proposed Trade Marks Journal being kept at some Government Office in all cities of commercial importance as also in all important Chambers of Commerce, so as to make the same readily available for inspection as otherwise considerable inconvenience would be felt by the public and applicants for registration of marks in getting the necessary information from the Patent Office in Calcutta.

Revision of the Indian Merchandise Marks Act.

The Government of Bombay invited the views of the Committee on a proposal received from the Government of India for the revision of the Indian Merchandise Marks Act. The main suggestion under the consideration of Government, was that the Merchandise Marks Act be amended so as to empower the Governor General in Council to prescribe by notification that certain specific goods should, at the time of importation, bear an indication of the country of origin and that parts of such goods imported as well as packages or containers should also bear such marks of origin and that the special privilege under the present Act whereby the United Kingdom goods bearing the marks of British Indian firms or dealers need not be marked with an indication of origin be withdrawn. The Committee while welcoming the proposal to amend the law pointed out that they had all along urged upon Government the need for all imported goods bearing clearly indication of the country of origin. They, therefore, suggested that instead of leaving it to the Governor General to prescribe a list of goods to be so marked, the law should throw the obligation on all imported goods being marked with the country of origin. They, however, recognised that certain goods by their very nature such as sugar, salt, bulk oil, jewellery, etc., could not be so marked. To meet this difficulty they suggested that provision might be made in the law to the effect that the Governor General in Council be empowered to exempt such classes of goods from the obligation to mark the country of origin. Thus the difference between the Government proposal and the recommendations of the Committee was that instead of empowering the Governor General in Council to issue a list of goods to be marked he should be only empowered to issue a list of exceptions, the provision of Law being that all goods other than those so exempted be required to indicate marks of origin. The Committee also made an additional suggestion for including a suitable provision in the Merchandise Marks Act to prevent the use of pictures of Gods and Goddesses, etc., as marks or trade marks on any article imported into or manufactured in

India. It will be remembered that in the year 1930 a non-official bill with that object was introduced in the Legislative Assembly, but the same lapsed. The use of such pictures of Gods and Goddesses is repugnant to Indian religious sentiment and when the law was being amended, the Committee recommended that this matter should also receive attention.

Marks of Country of Origin on imported goods.

It was represented to the Committee that certain electrical goods made in Hongkong (China) by an American firm, who also manufactured similar goods in America, were imported into India without any marks indicating the country of origin. Thereupon, the Committee addressed a communication to the Government of India drawing their attention to the instance and requesting them to look into the matter.

Bill to amend the Law of Evidence in respect of commercial documents.

The views of the Committee were invited by the Government of Bombay on the Bill to amend the Law of Evidence introduced in the Legislative Assembly in March 1937. Under the existing provisions of the Indian Evidence Act commercial documents of various kinds, although by practice of merchants, accepted in evidence and taken as *prima facie* correct, could not in a court of law, in the absence of consent by parties, be admitted in evidence without being proved. The result was that on occasions the need for proving such documents led to considerable inconvenience and delay. The bill in question proposed to make certain commercial documents enumerated therein being admissible in evidence without formal proof. In the year 1932 the Government of India had invited the views of the Committee on a proposal for such an amendment of the Law of Evidence. On that occasion the Committee had accepted the principle of the same. The Committee in their reply to Government, dated 3rd July 1937,

welcomed the Bill and supported the same. They also suggested certain minor modifications in regard to two items on the list of documents appended to the bill.

Cotton Ginning & Pressing Factories Act.

This Act as originally passed in 1936 applied in the first instance to the Province of Sind. The Indian Central Cotton Committee invited the views of the Committee of the Chamber on the question of application of the Act to parts of the Bombay Presidency, particularly to the Districts of East and West Khandesh.

The Committee, after consulting the Bombay Mill-owners' Association and the East India Cotton Association, expressed themselves in favour of the early application of the Act to the Khandesh Districts and the other parts of the Presidency.

Drugs Bill.

The Government of Bombay invited the views of the Committee on the Bill to regulate the import into British India of drugs and medicines which was introduced in the Legislative Assembly in August 1937. The bill dealt with the question of controlling the imports of foreign drugs and medicines with a view to the maintenance of proper standards. The Committee of the Chamber in the past had asked for such control and they therefore welcomed the legislation in question.

As, however, the bill extended only to British India they suggested that in order that the object underlying the bill might be effectively achieved, it was necessary that imports of drugs and medicines to Indian States should be similarly controlled, and that to this end, efforts to secure passing of similar legislation by Indian States in their jurisdiction should be made. They also suggested the necessity for having provincial legislation for controlling similarly manufacture and sale of drugs and medicines within the country.

The Committee further made certain minor suggestions on some of the clauses of the bill.

Watering of Cotton.

A member of the Chamber drew the attention of the Committee to the abuse of watering of cotton. The legislation for the licensing of Gins and Presses in the Presidency had the eradication of such abuses for one of its objects. It was, therefore, decided to obtain the feeling in the Indian Central Committee through the representative of the Chamber on that Body as to how far the said legislation had been effective in checking this abuse. Accordingly the Committee requested their representative on the Indian Central Cotton Committee to obtain the necessary information.

In reply it was pointed out that the Act in question, when passed, was meant to be applied only to Sind. Due to the separation of Sind from Bombay, the application of the Act had been postponed. The provisions of the Act were being extended to Khandesh and under the circumstances there was, no opportunity to evaluate the effect of the legislation in preventing such abuses.

Amendments to the By-laws of the East India Cotton Association.

The Government of Bombay invited the views of the Committee on the proposed amendments to the By-laws of the East India Cotton Association, as published in the Bombay Government Gazette dated 6th March 1937.

The amendments mainly related to procedure in regard to survey and arbitration and the chief features were the appointment of a Survey Committee of 25 representatives of members for purpose of arbitration in regard to quality. The Survey Committee would be classified into five panels, and the Chairman of the panel would select members of the panel as surveyors. Instead of the disputants at present selecting the surveyors, the selection would be made by the Chairman of the panel from among a Survey Com-

mittee appointed by the Board. The surveyors selected would not have the present right of appointing umpires; such umpires being appointed by the panel Chairman.

The Committee understood that the reforms in the By-laws as incorporated in the proposed amendments were over-due and that they were generally acceptable to the cotton trade. The Committee therefore informed the Government of India that they had no objection to the said amendments.

Stamping charges under the Bombay Weights and Measures Act.

The Government of Bombay issued a notification on 4th June 1937 proposing certain amendments to the scale of charges to be levied for verifying and stamping under Rule 124 of the Bombay Weights and Measures Rules. In the year 1934, when the scale of charges for the purpose was originally fixed, the Committee of the Chamber had addressed the Government pointing out that the scale proposed was very high and that the same needed to be reduced considerably. At that time Government had given a public assurance that if the working of the Act showed that the receipts from fees resulted in a substantial surplus after meeting the cost of administration, etc., Government proposed to reconsider the same. The revised scale of fees, however, was substantially the same as the one in existence. The Committee, therefore, addressed a letter to the Government of Bombay, pointing out that the charges proposed were exorbitant and recommending reductions in the same. In this connection they also recommended that the tests prescribed for the sensitiveness of beam-scales was too fine and that a greater margin should be allowed in that regard.

Trade Disputes Act Amending Bill.

The views of the Committee were invited by the Commissioner of Labour, Bombay, by a letter dated 7th December 1936, on a Bill further to amend the Trade

Disputes Act, 1929, for certain purposes. The Trade Disputes Act was passed in 1929 originally for a period of five years and was converted into a permanent measure in 1934. The proposals contained in the Bill, introduced by the Government of India in the Legislative Assembly, represented necessary changes in the light of experience gained in its working, and the views of the public were invited by Government on the Bill.

The Committee, after considering the Bill, forwarded their views thereon, on the 13th January, expressing their general agreement with the provisions of the Bill, subject to the modifications suggested in regard to the following clauses :

Clause 2 (*b*) : The amending Bill sought to provide that disputes between employers and employers also should be brought within the scope of the Bill. The Committee did not see any reason why such disputes should be so brought within its purview.

Clauses 4, 5, & 6 : The Committee suggested an addition to these clauses to the effect that in the absence of a Chairman of the Court of Inquiry or Board of Conciliation the remaining members present should have powers to elect one from among themselves as Chairman.

Clause 8 : The Committee suggested that this clause should be so amended as to give power to Government to extend the period during which a strike could be declared illegal if the Board of Conciliation or the Court of Inquiry were not able to complete investigation and submit a report within two months.

Proposed amendments to the Workmen's Compensation Act, 1923.

The views of the Committee were invited by the Commissioner of Labour, Bombay, on the proposed amendments to the Workmen's Compensation Act, 1923. These amendments were proposed with a view to removing certain minor defects and difficulties which had been

brought to light by the rulings of the High Courts in India or by experience of the working of the Act.

The Committee in forwarding their views on the 18th February observed that they had no objections to Clauses 1 and 2. With regard to clause 3 they suggested that the onus of proving that the workman had contracted any occupational disease, peculiar to the employment in the factory in which he was working, and not at any other place or factory in which he had been previously engaged, should be thrown on the worker himself. With regard to clause 4 the Committee had no views to offer. With regard to clause 5 the Committee were not in favour of the proposed amendment of sub-section 1 of Section 10. There might be cases when a workman left his employment when he had received injuries of a minor character and did not give notice to the accident till sometime after he had left his employment when his injury had resulted in either prolonged temporary incapacity or even permanent partial incapacity. It was difficult for the employer when the workman left employment to investigate the circumstances of the alleged aggravation of the injury with a view to satisfy himself that such an aggravation occurred in the course of and out of his employment. The Committee, therefore, suggested an alternative amendment of this sub-section to the effect that a workman claiming compensation for the injury alleged to have been sustained by him during his employment must give notice of such an injury before voluntarily leaving the employment.

Annual Holiday with Pay.

The 20th Session of the International Labour Conference held in June 1936 adopted a draft Convention concerning annual holidays with pay for workers. The Government of India, with the approval of the Indian Legislature, decided not to ratify the said Convention. The Labour Office, Bombay, however, under direction from the Government of India, invited the views of the Committee on a suggestion that the principle of such holidays with

pay should be gradually applied to industrial undertakings in this country. The Labour Office also wanted the views of the Committee on the proposal that for those workers who, on account of being employed on continuous processes, were deprived by exemptions of the weekly day of rest, should have a limited number of pay-holidays statutorily assured to them.

On the first point, the Committee in their reply referred to the views expressed by them in the year 1935 pointing out the difficulties involved in adopting such a Convention and expressing the opinion that it would be unwise to introduce a system of annual holidays with pay in India and reiterated those views.

Regarding the cast of workers who by exemptions granted under Section 44 of the Factory Act were deprived of the benefits of the weekly day of rest, the Committee expressed the opinion that the provisions of the said Section regulated the conditions under which such exemptions were given and were, according to them, fair and that beyond those provisions no further statutory provisions were necessary for the grant of holidays with pay.

Annual Holidays with pay for Seamen.

The Government of Bombay invited the views of the Committee on the question of the ratification of the draft convention regarding Annual Holidays with pay for seamen adopted at the 21st International Labour Conference held at Geneva in October 1936. Under this convention, it was provided that every employee in a seagoing vessel should be entitled to annual holidays with pay for a year of continuous service on the following basis :—

For master, Officers and Wireless operators—12 working days;

Other members—9 working days.

The Committee in their reply dated 2nd July 1937 informed Government that they were not in favour of

India ratifying the convention even though they sympathised with the demand for such holidays, that such questions should be dealt with by a national collective agreement in the country which was the usual method by which such questions were dealt with in other countries, that Government should take early steps to establish a National Maritime Board in the country representing both the shipowners and the seamen to whom questions connected with the condition of work should be referred and that in any case India should not ratify such an International Convention till all the leading countries of the world had ratified the same and that the objects underlying the convention should be left to be achieved in due course.

Seamen's Welfare in Ports.

The Shipping Master, Bombay, forwarded to the Chamber draft International Labour Conference Recommendations regarding Seamen's Welfare in Ports, inviting their views thereon.

The Committee of the Chamber, while agreeing with the general recommendations contained in the draft, addressed the Shipping Master on special points as under :—

The existing Committee of the Indian Saliors' Home Society consisting of the shipping master, the representatives of the Government of India and Bombay, the Port Trust, the Indian Merchants' Chamber, Bombay Chamber of Commerce, the Royal Bombay Seamen's Society, National Seamen's Union with the addition of representatives of shipowners, and the Bombay Municipal Corporation should be established with a non-official Indian as its Chairman, and with a majority of Indians on the Committee. The Committee should be given official recognition. Persons interested in the illicit sale of liquor should be prohibited from entering the Docks and Harbour area. Foreign consuls should be approached for help in case of illness of foreign seamen.

The Committee were grieved at the fact that while foreign seamen could find admission as indoor patients for the treatment of veneral diseases in St. Georges Hospital, Indian seamen could not find admission for such treatment as indoor patients in any hospital in Bombay. The Committee stressed that equal treatment should be meted out to all seamen whether they were national or foreign.

Arrangements should be made to provide suitable boarding to seamen at a reasonable rate. The Committee pointed out that the Prince of Wales Institute built out of contributions largely made by Indians was open only to European officers and recently only to Indian officers living in European style.

The Committee urged that the differential treatment of the Indian Seamen should be discouraged.

Deputation to the Hon'ble the Prime Minister to discuss Bombay Government Labour Policy.

The Commissioner of Labour, Bombay, by a letter dated 12th October 1937 requested the Chamber to send their representatives to wait upon the Hon'ble the Prime Minister on the 21st October 1937 to discuss the labour policy of the Government. The Committee accordingly nominated the President, Vice-President, Mr. Mathurdas Vissanji, M.L.A. (or in his absence Mr. M. C. Ghia, M.L.A.) and the Secretary, to represent the Chamber for the purpose.

Recognition of Trade Unions.

The Commissioner of Labour, Bombay, addressed a letter dated 20th September 1937 regarding the organisation of trade unions in which connection he stated that Government were considering legislation which would ameliorate the condition of the working classes and thus help the growth of labour organisation and promote collective bargaining between the employers and employees. The Government desired to discourage victimisation of

workers for their connection with labour organisations and help participation of labour in legitimate trade union activity. Certain suggestions were made regarding the recognition of trade unions including the granting of certain facilities for carrying out normal trade union activities, to which the Committee replied as under:—

The Committee had no objection to genuine trade unions being recognised by the Industries, condition being that members of such trade unions should be actively employed in the Industries concerned, and that the whole body of workmen should belong to the unions concerned with the Industries. The unions must be not open to outsiders, and should have more than 51% of total workers as members. There should be a central union for each industry. The Committee was opposed to permission being given to collect trade union subscriptions at the time of the payment of wages as well as to any latitude being given for communications between trade union officials and representatives of leaders of workers inside the factory, and holding meetings inside the mill compound during the interval of rest. The Committee agreed to allow circulation in the mill premises of notices etc., of meetings of the union at the direction of the employers and granting interviews to union officials and representatives of workers by appointment about twice a month. Regarding the complaints brought up by the Union or representatives of workers, the Committee stated that such investigation might be made by the Government in the presence of the parties.

The Committee also mentioned certain conditions precedent to recognition of trade unions, most important of which was that the union should agree to call off a strike on the institution of a court of Inquiry, Board of Conciliation, or other process of mediation or negotiation.

Holidays with pay during sickness for industrial workers.

In response to a communication from the Commissioner of Labour, Bombay, regarding holidays with pay during

sickness for industrial workers, the Committee replied stating their views as under :—

The Committee at the outset brought to the notice of the Commissioner that the scheme as outlined, involved holidays with pay, old age pension death benefit, etc., and therefore the scheme was one of a comprehensive social insurance character, thereby bringing in issues not connected with sickness insurance. Besides, it was not clear whether the scheme was to apply to all the industries or to certain selected organised industries only. The Committee in this connection were of opinion that such legislation should have been initiated by the Government of India to avoid unfairness and injustice to industries of a particular province. If the scheme was to apply to certain organised industries, then the Textile Wages Enquiry Committee was sitting to consider important questions of wages and allied subjects, and their findings should be awaited. Sickness insurance implied a rise in wages in some form or other, and therefore the scheme as adumbrated was sure to confuse the issues while the Textile Wages Enquiry Committee was considering the very question. There were, however, other industries and it was imperative that the rate of advance in all cases should be guided by the capacity of the industries to bear the burden of such benefits. It was suggested that the contribution of the employers might be three to four weeks' wages of their employees. This would amount to 8¼ per cent, as against only 1 per cent paid as contribution by the British employers. It would appear that the employers' contribution was disproportionately high in comparison with proposed share of employees' contribution, viz., 10 days' wages. The Committee stressed that the peripatetic nature of Indian Labour, their lower efficiency and their opposition to rationalisation in industry would come in the way of reducing the cost of production and thereby make the situation difficult for the industry to bear the heavy cost of the proposed benefit to labour. Besides, in the absence of any settled policy of protection to industry and particularly to small industries, the proposed legislation

would give an unhealthy impetus to foreign competition and compel many Indian industries to shut down. The Committee strongly urged Government not to proceed with the scheme at this stage.

Personnel of the Bombay Textile Labour Enquiry Committee.

The Committee addressed the Hon'ble the Prime Minister, Government of Bombay, urging that a judicially minded person should be included in the Labour Enquiry Committee in view of the fact that the findings of the said Committee will have important bearing on the future of Labour in the Presidency. The Committee pointed out that in the past when such committees were appointed they included one or two judicially minded persons to ensure impartial treatment of the questions coming up before the Enquiry Committee.

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IV. GENERAL—TRADE AND INDUSTRY

Interview with the Hon'ble Sir Sultan Ahmed, Kt., Commerce Member of the Government of India.

The Committee had an interview with Sir Sultan Ahmed, Kt., Commerce Member of the Government of India on the 3rd August when the following questions were discussed:—

1. Insurance Bill.
2. Redistribution of Government Portfolios.
3. Trade Agreements—ratification by legislature.
4. International Sugar Agreement.
5. Report of the Wedgwood Enquiry Committee.
6. Indo-Burma Trade Relations—Burma import duty on flour.
7. Diamond trade and *jangad* business.
8. Development of Indian shipping.
9. Difficulties of the pharmaceutical industry—co-ordination of Excise rules and regulations.

Interview with Mr. R. R. Saksena, M.A., Indian Government Trade Commissioner, Japan.

The Committee of the Chamber had an interview with Mr. R. R. Saksena, M.A., the newly appointed Indian Trade Commissioner in Japan, on the 16th March 1937. They dicussed with him questions connected with Indo-Japanese trade, such as difficulties of Indian exporting houses in Japan in getting adequate share in the cotton piecegoods quota, adequate share in the exports of cotton to Japan, freight space for cotton shipments to Japan, and quota certificates.

Mr. Saksena promised to give all the points raised at the interview his earnest consideration and hoped to work towards a satisfactory settlement of all the difficulties.

Slump in cotton prices.

With a view to afford relief to the cotton grower from the effects of the prevailing uneconomic cotton prices, the Committee addressed the Government of India pointing out that the plight of the cotton farmer owing to low cotton prices deserved anxious consideration from Government. The Committee stated that a reduction in the charges for the handling of cotton was imperative as with a lower price yield the incidence of such charges had become heavier. The most important item of charges in the handling of cotton was the railway freight, about which they had already written to the Railway Board urging substantial reduction in cotton freight rate. Ginning and pressing charges were another item in the marketing of cotton. The Committee suggested that the Government of India should bring about a reduction in these charges by fixing, if necessary, a maximum charge by law as a temporary measure, allowing for economic return on capital invested in Gins and Presses. It was also suggested that Indian States should be persuaded to take up such measures in their respective territories.

The Committee further suggested that Municipalities and Local Bodies should suspend collection of levies on cotton as an emergency measure, and that Indian States should also be made to withhold operation of such imposts as a temporary measure. The Committee urged the Government to persuade the various Provincial Governments to give every facility to cotton farmers in the payment of land revenue. The Committee recognised that some of the reliefs above suggested were within the scope of the Provincial Governments, while others could be implemented by co-ordinated action by the authorities of Indian States. The Committee requested the Government of India to approach Provincial Governments and Indian States authorities to bring about the necessary measures of relief.

Import duty on cotton.

With a view to give relief to cotton growers in their plight in consequence of the heavy slump in cotton prices,

the Government of Bombay invited the views of the Committee on a suggestion that the import duty on those varieties of foreign cotton which compete with Indian cotton should be increased as an emergency measure. At present there is a duty of half-anna per lb. on imports of cotton. The Committee after fully considering the question replied to Government agreeing with the necessity to secure to Indian cotton growers some relief from the competition of foreign cotton and they welcomed the steps to eliminate or minimise this competition by the imposition of an embargo or an increased duty on the imports of cotton upto 15/16 inch staple. They, however, stressed that any action designed to check imports of cotton should be exclusively confined to cotton which was in active competition with Indian cotton viz., cotton of 15/16 inch staple and under, as in their opinion, India could not do without staple cotton and it would be disastrous if the restrictions contemplated were made applicable to higher staple cotton.

Cotton Committee of the All-India Congress Committee.

The All-India Congress Committe have appointed a Committee consisting of Mr. Bhulabhai J. Desai, Seth Jamnalal Bajaj and Shankerlal Banker to enquire into the situation arising out of the slump in prices of cotton and to recommend measures considered necessary in the interests of cotton growers. This Committee invited the views of the Committee of the Chamber on a questionnaire that they had issued on the subject. The Committee submitted detailed replies to the questionnaire during the course of which they expressed themselves in favour of prohibition of imports of cotton of 15/16 inch staple and under as an emergency measure for one cotton year; of imposition of an increased import duty on such lower staple cotton; of efforts to secure lower freight rates for cotton; of steps for lowering the ginning and pressing charges; of suspension of terminal taxes on cotton wherever imposed; of reduction of steamer freights for exports of cotton to Europe and of credit facilities for cultivators.

Slump in cotton prices—reduction of freight rate on cotton.

The Committee sent a telegram to the Railway Board urging substantial reduction of freight rate on cotton owing to heavy depression in cotton prices and supporting the case submitted by the East India Cotton Association on the subject. They stated that the present freight rates on cotton were fixed at a time when cotton prices ruled high and that therefore the incidence of such rates was much higher under the circumstances.

Reduction in freight rate on cotton from N. W. and E. I. Railway stations to Cawnpore.

It was represented to the Committee that the N.W. and the E.I. Railways had allowed a rebate of 20% of the freight charges at existing rates on consignments of raw cotton from certain specified stations to Cawnpore on certain conditions, most important of which was that a minimum of 75,000 maunds of cotton were to be booked to Cawnpore from the specified stations to entitle one to the rebate allowed as above. It was also represented that the above concession was made in the interests of a certain Association who were operating from the stations specified by the Railways concerned.

The Committee, thereupon, sent a telegram to the Railway Board protesting against the discriminatory nature of the reduction on cotton freight charges in a specified area allowed by the N.W. and E.I. Railways, which would only benefit certain vested interests and drive out the samller men from the trade who would not be able to fulfil the conditions of rebate allowed.

The Chamber's representation on the Indian Central Cotton Committee.

As the term of office of the representative of the Chamber on the Indian Central Cotton Committee expired on the 31st March 1937, the Committee were requested to nominate the Chamber's representative thereon for a fresh

term of three years, commencing from 1st April 1937. The Committee nominated Mr. Chandulal P. Parikh for the purpose.

The Budget of the Indian Central Cotton Committee.

The Chamber of Commerce, Bombay, by their letter dated 26th August 1937, drew the attention of the Committee of this Chamber, to the annual expenditure of the Indian Central Cotton Committee exceeding their income by about 3 to 4 lakhs of rupees. They pointed out that the extra expenditure was drawn from the Reserve, and that if this process continued, it was clear, that within a short time the finances of the Central Cotton Committee would create a situation which would only be met by increased taxation on the Cotton trade to meet future deficits. They were given to understand that the standing Finance Committee of the Central Cotton Committee had submitted certain proposals before the last meeting of the Central Cotton Committee for the purpose of putting a check on increasing expenditure. However, the proposals were not accepted by the Central Cotton Committee. The Bombay Chamber, therefore, suggested that a joint effort on behalf of all commercial Associations represented to the Cotton Committee should be made to enlist support to the said proposals of the standing Finance Committee, and requested the support of the Committee of this Chamber in the effort. The Committee addressed the Bombay Chamber of Commerce, approving their suggesstion for a joint effort as indicated in their letter.

Third Report of the Lancashire Indian Cotton Committee.

After considering the third Report of the Lancashire Indian Cotton Committee, the Committee of the Chamber addressed a letter to the Secretary of that Body, pointing out that in relation to the total exports of cotton from India the U.K. off-take and the small increases therein during recent years were negligible; that the statement in the Report to the effect that adequate supplies of superior type

cotton were not available in India was not according to facts, as, if the U.K. buyers were prepared to pay the proper price they could get their supplies of quality type; that the price parity was a contributing factor in the small increases in the U.K. off-take; that the claim for increased market in India for U.K. cotton piecegoods on the strength of the increased imports of cotton into that country would not be entertained in India; and that besides piecegoods the United Kingdom was enjoying a good market here for many of the manufacturing industries of Great Britain.

Possibility of India's trade with Sinkiang (Chinese Turkestan).

It was pointed out to the Committee that there were possibilities of developing India's trade with Sinkiang in Chinese Turkestan. There are at present a few Indian traders in Sinkiang, but they are ill-equipped for any organised development of trade. The following approximate figures of trade between Sinkiang and India will help to elucidate the situation.

Exports to Chinese Turkestan, through Leh, Chitral and Gilgit:

1934	.. .. ..	Rs. 7,00,640.
1935	.. .. ..	,, 9,82,127.

Imports from Chinese Turkestan, through Leh, Chitral and Gilgit:

1934	.. .. ..	Rs. 20,91,547.
1935	.. .. ..	,, 14,79,733.

The Committee hope that the above particulars will be of interest to Indian merchants who may be intending to seek fresh fields for enterprise.

The Industrial Research Council.

In connection with the third session of the Industrial Research Council held in Bombay in the first week of July, the Committee addressed a communication to the Industrial Research Bureau of the Government of India on

19th June suggesting (1) the starting of a model glass factory in Bombay, (2) carrying on research for the manufacture in the country of soda ash for glass, and (3) exploring the possibilities of manufacturing in the country pulp for paper and rayon products.

In a reply dated 25th June 1937 received from the Bureau the Committee were informed that the introduction of an improved pot type glass furnace for glass manufacture designed by the Bureau was under contemplation and that the same would be constructed in a selected glass factory in U.P., that the question of manufacture of soda ash in India was under the active consideration of the Imperial Chemical Industries (India) Ltd., who had already decided to build an Alkali Factory in the salt range of the Punjab and that the Bureau had for sometime past been investigating the details affecting the manufacture of artificial silk in India on behalf of the Indian Central Cotton Committee.

Publication of official crop forecasts.

The Committee addressed a communication to the Director of Agriculture, Poona, supporting the request made by the Seeds Traders' Association for arrangements for publishing official crop forecasts sufficiently early. The Director informed the Committee in reply that efforts would be made to publish the same as early as possible.

Regarding All-India Wheat Contract—Months of delivery.

The Agricultural Marketing Adviser to the Government of India requested confirmation from the Chamber of the arrangement arrived at, sometime ago regarding All-India Wheat Contract—months of delivery viz., that the English calendar be adopted for quoting delivery months for future transactions, and that there should not be more than six contracts during the year, viz., May, July, September, November, January and March. The Committee stated in reply that they had no objection to the proposed arrangements.

Oilcakes and Castorseed clause in the Contracts of the London and Liverpool Cattle Food Trade Associations.

It was pointed out to the Committee that one of the clauses of the standard contracts of the London and Liverpool Cattle Food Trade Associations enjoined that if on analysis any supply contained more than .005% castorseed or castorseed husk the buyer was entitled to reject the same.

The Committee drew the attention of the Indian Trade Commissioner to this provision in London and requested that he should take up this matter with the London and Liverpool Cattle Food Trade Associations. They pointed out that the presence of such a provision in the contracts had led to Indian exporters being subjected to considerable hardships. The Committee were given to understand that the maximum limit of .005% was too rigid and was not warranted even by the experimental tests carried on by recognised Chemists. It was made out in such test that even the presence of .02% of husk in cakes had not any materially harmful effect on cattle. After such evidence it was difficult to reconcile the extremely low margin of allowance viz., .005% (maximum) fixed by the Cattle Food Trade Associations. The Committee urged the Trade Commissioner to represent to the Associations that for the presence of castorseed or husk upto .005% there should be no claim for cash allowance and for the presence of such husk over .005% but not exceeding .02% the buyer should not be entitled to reject the supply; between .005% and .02% the buyer may be entitled to a cash allowance on a graded scale.

The Committee drew the attention of the Trade Commissioner to another condition in the contracts of the Cattle Food Trade Associations which was to the effect that insurance of consignments had to be effected with approved British, Continental or American underwriters or companies. They urged the Trade Commissioner to make efforts to get this restriction removed, as the same savoured of discrimination and had not any counterpart so far as British

companies were concerned in the conditions of trade in any Indian market.

A similar communication was also addressed to the Indian Trade Commissioner in Hamburg with a request that the question should be taken up with the Cattle Food Trade Association in Germany also.

Indian Wheat non-tenderable under the Liverpool Wheat Contract.

The attention of the Committee was drawn to the fact that in Liverpool there were arrangements for the storage of wheat from different parts of the world viz., Argentine, Australia and Canada and such arrangements were made for storage because all such wheats were tenderable under the Liverpool Contracts. Unfortunately, there was no arrangement for the storage of East Indian or Karachi wheat because Indian wheat was not tenderable against Liverpool wheat contracts.

The Committee thereupon addressed the Imperial Council of Agricultural Research, Delhi, as also the Indian Trade Commissioner in London, on the 20th February pointing out that if Indian wheat was made tenderable under the Liverpool Contracts, Indian exporters would get their share of the benefit and Indian exports of wheat would increase in volume, and requested them to go into this question and take such steps as they deemed necessary to remove the existing anomaly which was unfair to Indian wheat. On 26th March, a reply was received from the Imperial Council of Agricultural Research that the question would be discussed at the April meeting of the Grain and Oilseeds Conference and invited the Committee to nominate a representative to that Conference. The Committee thereupon nominated Mr. Ratilal M. Gandhi for the purpose, from whom it was understood that it was decided at the Conference to take up this question with the authorities of the Liverpool Exchange through proper channels.

Marks of Origin for Gunny Bags.

The attention of the Committee was drawn to certain changes introduced in Customs regulations in U.K. whereby gunny bags in which oilseeds and grain were exported from India were required to be marked with the manufacturers' name to indicate that the bags were of Indian origin. The Committee thereupon addressed a communication to the Indian Trade Commissioner in London, pointing out the difficulties involved in such a procedure and adding that having regard to the fact that India did not import any gunny bags and was herself a large scale manufacturer of such bags, it was inconceivable that such requirements should have been insisted upon. They therefore requested his intercession with the U.K. Customs authorities with a view to getting the rule in question relaxed.

Certificate of Origin for preferential duties and goods of Indian States origin.

It was represented to the Committee that the Customs authorities in British Colonies for purposes of Imperial preference required that the imported Indian piecegoods made in British India should be stamped "Made in British India" and not "Made in India" to differentiate the same from cloth made in French India, or Portugese India. The Customs authorities here objected to cloth made in Indian States being stamped "Made in British India" on the plea that the States could not be called British India.

Thereupon the Committee addressed a communication to the Government of India requesting them to make clear as to whether Indian States were included in the term British India for purposes of certificates of origin on manufactured goods as also for purposes of preferential rates of duties both under the Ottawa and Imperial preference schemes.

Tenth Annual Session of the Federation of Indian Chambers of Commerce and Industry.

The tenth Annual Session of the Federation of Indian Chambers of Commerce and Industry was held at Delhi from the 7th April 1937. In accordance with the rules of the Federation, the Committee nominated the following four gentlemen, viz., the Hon'ble Raja Bahadur Govindlal Shivlal (President), the Hon'ble Sir Rahimtoola M. Chinoy, Kt., Mr. Manu Subedar and Mr. M. C. Ghia as their Delegates to the Session. The Hon'ble Raja Bahadur Govindlal could not attend the Session for reasons of health and Sheth Gordhandas Morarji (Vice-President) attended in his place. They also nominated the Hon'ble Sir Rahimtoola M. Chinoy, Kt., for Presidentship of the Federation and he was duly elected President.

Resolutions for the 10th Annual Session of the Federation of Indian Chambers of Commerce & Industry.

The Committee forwarded resolutions on the following subjects for submission to the 10th Annual Session of the Federation of Indian Chambers of Commerce & Industry held in April 1937 :—

(1) Indo-Japanese Trade Negotiations.

(2) Continuation of the Ottawa Trade Agreement.

(3) The Traffic Policy for India.

(4) Import duties on Swadeshi goods in some Indian States.

(5) The State Management of Railways.

(6) Interprovincial Trade Barriers on products of Indigenous Pharmaceutical industry.

(7) The Empire Maritime Policy and the place of Indian Shipping therein.

(8) Intrusion of Japanese shipping in Indian Coastal Trade.

(9) The Imperial Shipping Committee.

(10) The Coastal Traffic Control Bill.

(11) Insurance Legislation.

(12) Support to Indian Insurance Companies.

The Special General Meeting of the Federation of Indian Chambers of Commerce & Industry in December 1937.

The Committee nominated the following gentlemen to represent the Chamber at the Special General Meeting of the Federation held in December 1937 to consider amendments to certain clauses of the constitution of the Federation :

1. The Hon. Mr. Govindlal Shivlal Motilal, President.
2. Mr. Gordhandas G. Morarji, Vice-President.
3. Mr. Manu Subedar.
4. Mr. M. C. Ghia, M.L.A.

Further as per draft rules on the agenda of that meeting every member-body was to be entitled to only one vote, and not 4 votes as before, in respect of election of office-bearers. In this connection the Committee decided to give notice of an amendment designed to bestow right of voting in respect of election of office-bearers to all the delegates present at the annual meeting of the Federation. The said amendments, however, were not allowed under the Rules of the Federation and the Committee sent a telegram of protest.

Indian National Committee of the International Chamber of Commerce.

The eighth Annual Meeting of the Indian National Committee of the International Chamber of Commerce was held at Delhi on the 7th April 1937. The Committee nominated the Hon'ble Raja Bahadur Govindlal Shivlal as their representative to the said Annual Meeting.

Central Lighthouse Advisory Committee.

The Federation of Indian Chambers of Commerce and Industry was asked by the Government of India to nominate three gentlemen as their representatives on the Central

Advisory Committee for Lighthouses for a fresh term of two years with effect from 1st April 1937. For this purpose the Federation invited nominations and the names of Messrs. M. A. Master, G. L. Mehta and Kaikobad C. Dinshaw were suggested by the Committee of the Chamber. The Committee were subsequently informed that as a result of the election held for the purpose, the following three gentlemen were returned as representatives of the Federation for the fresh term:

Mr. M. A. Master, Bombay.
Mr. G. L. Mehta, Calcutta.
Rao Bahadur C. Gopala Menon, Madras.

Nomination of a representative of the Federation of Indian Chambers of Commerce and Industry on the Court of the Indian Institute of Science, Bangalore.

The Committee nominated Mr. Kapilram H. Vakil, M.Sc.Tech. (Manc.), F.I.C., M.I. Chem. E., F.I.A.S., Bombay, for election as representative of the Federation on the Court of the Indian Institute of Science, Bangalore, under the new constitution of the Court.

The Committee were subsequently informed by the federation that Mr. Kapilram had been duly elected.

Mr. D. S. Erulkar's Report on the 77th session of the Governing Body of the International Labour Organisation.

The views of the Committee were invited by the Federation of Indian Chambers of Commerce & Industry by their letter dated the 13th January 1937 on the report submitted by Mr. D. S. Erulkar. Mr. D. S. Erulkar's report raised three important issues viz:—

(1) Minimum age for employment of children, special provision with reference to India regarding the same,

(2) Representation of Indian agricultural employers on the permanent Agricultural Committee of the I. L. O.,

and (3) Calling of an Asiatic Conference.

The Committee, in forwarding their views to the Federation, observed as follows :—

With regard to (1) the Committee observed that in the present state of India's industrial development it was not advisable to raise the minimum age for India from the present limit of 12 years. With regard to (2) the Committee were of opinion that in the absence of agricultural employers' organisations in India, it was not possible for the Indian delegation to claim a regular seat on the proposed permanent Agricultural Committee at the 77th session of the Governing Body of the I.L.O. They, however, felt that in order to ensure a permanent representation of Indian Agricultural Employers on that important body, it was necessary that the Federation should take steps to have agricultural employers' organisations started in India. In the meantime, they would like to suggest that the Federation should recommend the name of Mr. Walchand Hirachand who was largely connected with agriculture, to represent India's agricultural interests on that body.

With regard to the last item, the Committee were in favour of such a Conference but were of opinion that no countries outside Asia should be allowed to participate in the deliberations and activities of such a Conference which should be confined to nationals of Asiatic countries.

Report of the Indian Employers Delegation to the 23rd Session of the International Labour Conference 1937.

The Committee submitted their views on the report of the Indian Employers Delegation to the 23rd session of the International Labour Conference to the Federation of Indian Chambers of Commerce & Industry as under :

1. The issue raised in the report regarding the anomalous position of the representatives of the countries which have not ratified the relative conventions and voting in favour of new conventions on the same question, should be pursued further with the International Labour Office.

2. The opposition of the Indian Employers to the principle of 40-hour week ratified by the Conference should be communicated to Mr. D. S. Erulkar, Indian Employers representative on the Governing Body of the Labour Office as suggested by the delegation.

3. The delegation's reference to the difficulties experienced by them on account of the inadequacy of the number of advisers should be carefully considered as similar difficulties had been experienced in the past.

4. The delegation have recommended the need of some continuity in the personnel of the Employers Delegation. It was suggested that the Federation should consider this point when making recommendations about the personnel in future.

Indian Employer's Delegation to the 24th International Labour Conference.

As usual, the Federation of Indian Chambers of Commerce & Industry invited suggestions regarding the personnel of the Indian Employers Delegation to the 24th International Labour Conference to be held in 1938. The Committee recommended the name of Lala Shri Ram, Delhi, for being nominated as the Employers' Delegate.

Increase in Fire Insurance Rates.

The attention of the Committee was drawn to the recent increases in fire insurance rates. In particular, complaints were received against increase in rates from As. 2 to As. 3 per cent on shop risks of buildings with wooden floors and from As. 2 to As. 4 per cent the contents of such shops. The Committee addressed a communication on 22nd June 1937 to the Bombay Fire Insurance Association requesting information as to the reasons which prompted the companies to bring about such an increase in rates when the trade conditions did not justify the same, pointing out that

the increases were not justified and recommending a reversion to the old scale of rates.

The Association replied to the effect that the rates were increased on the basis of fire loss experience and that the danger of collapse in the case of buildings with timber floors was much greater than with floors of fire-resisting material such as concrete.

The Committee in a further letter dated 20th July contended that in view of the small numbers of fires in buildings of timber floors it would have been better if they had waited for further experience and then effected the change in rates. The definition of buildings with timber floors adopted by the Association was very wide and would include in its scope even buildings with timber rafters and cement, tile or marble floors and as such the enhanced rates would also apply to such buildings. They urged that only buildings in which the floor was completely wooden should be treated as wooden floor building and that the general interpretation adopted by the Association of the term wooden floor was not justified. The Committee therefore recommended a restricted definition of the term wooden floor so as to exclude all buildings other than those in which the floor was completely wooden from the operation of the increased tariff for wooden floor buildings. The Bombay Fire Insurance Association in their reply stated that they were unable to accept the suggested alteration in the definition of timber flooring.

The Committee thereupon addressed a representation to the Government of India drawing their attention to the above increases in rates and observed that the reckless manner in which the Fire Insurance rates were raised by the Fire Insurance Association caused great inconvenience and annoyance to the business community and property owners. They therefore urged upon Government the desirability of having a proviso in the Insurance Bill to check insurance companies from putting up their rates arbitrarily without consulting the interests concerned.

Insurance against War and Civil War.

The following letter dated 16th January 1937, received from the Bombay Fire Insurance Association, was circulated for the information of members :—

"I am directed to inform you that information has just been received from London that an agreement has been reached between the British Insurance Association, a body comprising practically all British Insurance Companies, Tariff and non-Tariff and the Committee of Lloyds, to discontinue granting insurances covering the risks on land of War and Civil War.

„It is particularly emphasised that this Agreement has not been entered into by any fear of an early outbreak of hostilities but becuase it is felt that the risks of War and Civil War are not, under modern conditions, proper subjects for insurance. This belief is fortified by recent events in Spain.

"The immediate effect of this Agreement, which has been made applicable to this Association's Area, is the amendment of the cover at present granted under this Association's Riot and Civil Commotion Tariff. The wording now to be applied is as follows :—

> "Loss or damage (by Fire only), (or) (including Fire Loss or Damage) directly caused by riots, strikers, locked-out workers and/or other persons taking part in labour disturbances."

Licensing of Film Producing Studios.

The attention of the Committee was drawn to a proposal before the Bombay Municipal Corporation to introduce a system of licenses for film producing studios in the city. It would appear that complaints were received by the Municipal Commissioner of the nuisance caused by the operations of such studios. In this connection, the Indian Motion Picture Producers Association forwarded to the Committee a copy of their representation to the Mayor of Bombay protesting against the proposal and requested the Committee's support to the same. The Committee addressed

a letter to the Mayor pointing out that before the Municipal Corporation came to any decision in the matter, it was neccessary that the question should be fully considered and suggesting that in order to facilitate such consideration, the proposal should be referred to a Committee of the Corporation for investigation and report.

From reports which appeared in the Press, the Committee however understand that the Corporation has decided to introduce a system of licenses for such studios and has prescribed Rs. 100 as the fee payable for such licenses.

Annual revision of the list of cotton piecegoods.

The Director General of Commercial Intelligence and Statistics by his letter dated 24th September 1937 enclosing a list of cotton piecegoods approved by the Central Government for purposes of levying import duty on items mentioned therein, requested the Chamber to send their suggestions regarding modifications or additions to the same.

The Committee in their reply stated that they had no modifications or additions to suggest in the above list.

List of articles specified in Seaborne Trade Returns.

As usual, the Director General of Commercial Intelligence and Statistics, invited suggestions regarding additional items the separate classification of which in the trade returns were, in the opinion of the Chamber, necessary. After consulting the members the Committee suggested that flash light batteries, flash lights and healds and reeds should be separately specified in the returns.

Amplification of Accounts relating to Inland (Rail and River-borne) Trade of India.

The Director General of Commercial Intelligence and Statistics in his letter dated 24th July 1937 addressed to the Committee, stated that the Government of India were considering the amplification of Inland Trade statistics by

expanding the present lists of commodities and territorial blocks to correspond more or less with those included in the old Inland (Rail and River-borne) Trade returns.

The monthly publication as at present issued contained particulars of inland trade for 30 articles and 18 principal trade blocks. The Director General invited the views of the Committee regarding the amplification of the above returns so as to include about 38 commodities and covering a large number of trade blocks. He also suggested that the additional cost consequent upon the amplification of the statistics should be partly borne by Provincial Governments.

The Committee by a communication dated 10th September to the Director General, supported the proposal to amplify the above returns as suggested. They, however, opposed the idea of asking the Provincial Governments to bear partly the cost of such publication and held that the same should be met entirely by the Central Government as in the case of all other All-India statistical publications.

Trade description of the words "Flannel" and "Superfine".

The Director General of Commercial Intelligence and Statistics, Calcutta, in a communication, dated 24th August, requested the views of the Chamber regarding a representation received by him to the effect that the words "flannel" and "superfine" should be deleted from clause 53 of the Merchandise Marks Manual, as the term "flannel" was contrary to established practice in the piecegoods trade as this word denoted in practice cloth which was specially made with soft feel and contained a kind of fluff or raising irrespective of the composition of the same; and the term "superfine" did not signify a pure woollen fabric according to commercial usage.

The Committee in reply stated that they approved of the existing provision in rule 53 of the Merchandise Marks Manaul to the effect that the terms "flannel" and

"superfine" should denote pure woollen material and that any practice contravening the description implied in the Merchandise Marks Act should be punished under the provisions of the Act.

Trade description and stamping of cotton piecegoods.

The Director of Industries, Bombay, under instructions from the Government of Bombay, requested the Committee that, in view of the frequent complaints about fraudulent or incorrect stamping of length and width of cotton piecegoods, the requirements of the Merchandise Marks Act and the Bombay Weights & Measures Act in regard to stamping of trade descriptions and the sale of cotton piecegoods be prominently brought to the notice of manufacturers and dealers concerned. Accordingly, the Committee circulated, for the information of members interested in the manufacture of or trade in cotton piecegoods, a note explaining the requirements of the law in this regard.

V. GENERAL

Redistribution of portfolios in the Central Government.

In a recent press communique it was announced that the Central Government proposed to make certain changes in the allocation of work between the different departments of the Government of India whereby the existing two departments of (1) Department of Commerce and (2) Department of Industries and Labour would be split up into three departments viz., (1) Department of Commerce, (2) Department of Communications and (3) Department of Labour. The Department of Commerce and the Department of Labour would be under the charge of the Commerce Member while the separate Department for Communications would be under the charge of another member.

The Committee addressed a letter to the Government of India on 1st July 1937 firstly opposing the changes, as in their opinion, existing arrangements had worked fairly satisfactorily and secondly suggesting that in the event of the changes being ultimately decided upon by Government, Blue Water Shipping, Inland Navigation and Ports (including pilotage) should all be under the Commerce Department in charge of one member. The proposal of the Government to separate Inland Navigation and Ports from Blue Water Shipping, the Committee pointed out, would lead to diversity in policies and that all these departments being of an allied nature, should be under the charge of one member viz., the Commerce Member.

Economic Adviser to the Government of India—appointment of a non-Indian.

It was brought to the notice of the Committee that the Government were contemplating the appointment of a non-Indian as Economic Adviser to Government. The Committee thereupon sent a telegram to the Government

of India protesting against the selection of a non-Indian for the post and emphasising that suitable Indians possessing necessary qualifications were available in India.

Constitutional Deadlock.

The Committee passed the following resolution at their meeting held on 29th April :—

"The claim of British statesmen that the Government of India Act secures responsible government to the people in the Provinces, is inconsistent with the exercise of special powers and responsibilities reserved for Governors. The demand of Indian National Congress for an assurance that the Governors shall not use their special powers of interference in the constitutional activities of the Ministries, expresses the general feeling of the people of India and as such has the wholehearted support of the Committee of the Indian Merchants' Chamber. The Committee feel that the present impasse is likely to affect trade and commerce in India, and hope that the Governors will give the necessary assurances and put an end to the same by meeting the demand of the Congress."

Commerce and Industry Constituencies in the Provincial legislature.

The Committee addressed a letter to the Government of Bombay drawing their attention to certain fundamental changes introduced in the electoral qualifications for commerce and industries constituencies.

It appeared that the Government of Bengal invited the views of all commerce and industry constituencies in that Presidency regarding the effect of these new regulations in connection with the first elections that were held and reports had been submitted by the bodies concerned. The Committee suggested that the Government of Bombay should collect similar information from Associations representing commerce and industries constituencies in Bombay Presidency.

Exemption of title holders from payment of Riot tax in the City.

The riot tax is levied under Section 45 (1) of the Bombay City Police Act for payment of compensation to persons in respect of loss or damage caused by riots and such unlawful assemblies. The Chief Presidency Magistrate who is authorised to determine and order collection of the tax is also authorised under Section 45 (2) of the Act to exempt any persons from liability to pay any portion of such compensation. Under this sub-section the Chief Presidency Magistrate by Order exempts title holders etc., from the tax levied in connection with the riots in the City. The Committee addressed the Government of Bombay on 1st May, expressing their opinion that there was no justification for exempting any persons or class of persons or community from liability to pay any portion of such compensation and that the obligation for payment should be borne by all without any invidious discrimination. They, therefore, recommended to Government that Section 45 (2) of the Act should be deleted, thereby doing away with the provision for exemptions of any kind.

In their reply dated 14th May, the Government of Bombay informed the Committee that they had considered the above recommendations but regretted their inability to accept the same.

The Committee in a further communication reiterated the need for ending the system of such exemptions. They also recommended that the present method of recovering the tax exclusively from landlords in the affected locality should be substituted by a system of general levy, as an addition to the Municipal general tax, to be borne by all citizens in the municipal area.

Rules governing allowances for non-official delegates deputed to attend International Labour Conferences.

It was represented to the Committee that the Government of India were insisting on the non-official delegates and their advisers proceeding to International

Labour Conferences to travel only by steamers of such Lines with which they booked their passages. They were also informed that in case any delegate or adviser booked his passage himself, he was liable to be penalised by forfeiting his privilege of being paid his passage money even if Government received refund of the passage booked on his behalf.

The Committee represented to the Government of India in this connection that the treatment meted out to such delegates and advisers with regard to their privilege of booking their passages suiting their convenience, was unfair considering that they were attending such Conferences at considerable sacrifice. They pointed out that in case of their own officers entitled to travel under the concession of Lee-passages the Government of India only recommended them to travel by certain Lines and considered their convenience in exceptional cases. The Committee, therefore, urged upon Government to make it clear that the non-official Delegates and Advisers proceeding to such Conferences would be free to book their own passages at the rates admissible under the rules and could choose their own Line of steamers to suit their convenience.

Government in their reply stated that they booked the passages of delegates before the names of the actual delegates were known. They added that there was usually a shortage of accommodation at the time when delegates should sail to be in time for the Conference, and therefore it was necessary to book their passages in advance. They also stated that in case of Government servants travelling on duty, the rule that passages must be booked by Government was imposed.

Uniformity in Excise Rules and Regulations.

It was recorded in the Report of the Committtee for the year 1936 (page 86) that the Committee had addressed the Government of India pointing out to them the difficulties caused by the lack of uniformity in the Excise

Rules and Regulations in the various British Indian Provinces and the Indian States and suggesting the desirability of convening a Conference for the purpose of securing uniformity in those rules. The Government of India informed the Committee on 20th February 1937 that the question of removal of interprovincial barriers was discussed at the 8th Industries Conference held on 7th December 1936 at Lucknow and that at the said Conference it was generally agreed that steps should be taken to secure such uniformity in these Rules and the same should be referred to a meeting of the Excice Commissioners of the various Provinces, assisted by selected Directors of Industries and that the Government of India were prepared to convene such a Conference on the advice of the Local Governments.

Conference of Forest Utilisation officers to be held in Dehra Dun.

The Government of Bombay informed the Committee on 1st February 1937 that a Conference of Forest utilization officers from Provinces would be held at Dehra Dun from 17th March 1937 to discuss timber utilization work at the Forest Research Institute and in the Provinces. The agenda for the conference contained among other things "the formation of Provincial Committees of Timber Utilization with representatives from the Local Legislatures, Public Works Departments, Railways, Electrical Departments and Chambers of Commerce. These will have a wider scope than the original Committees proposed by the Raman Committee."

The views of the Committee were invited whether they considered that the Committee of the nature proposed above would be of advantage. The Committee of the Chamber in expressing their views informed Government on 11th February that they were entirely in favour of the formation of provincial Committees of Timber utilization with representatives from the Local Legislatures, Public Works Departments, Railways, Chambers of Commerce,

etc., and were of opinion that such Committees would go a long way in tapping the timber resources of provinces and making them available for industry and trade and thus contributing also to the revenue of the Provinces. They might also well consider the utilization and development of other forest products like fibres, etc. This question of the utilization of timber resources had been engaging the attention of different Provincial Governments since a long time and the setting of such Committees was the best that could be made for tackling the question.

Recognition of the study of Indian music by the Bombay University.

It was represented to the Committee that the authorities of the University of Bombay were to be moved to take necessary steps for instituting and recognising courses of study in music. In this connection the Committee requested their representative on the University senate to support the proposal when the matter came before the senate.

Collection of Statistics of Employment of Educated Persons.

The Director of industries, Bombay, invited the views of the Committee on a reference to the Provincial Governments from the Government of India on the question of collection of employment statistics. It was pointed in the communication that in the absence of unemployment relief it would be difficult to collect reliable statistics of unemployment ; instead, it was suggested that a beginning should be made with arrangements to collect statistics of employment showing particulars of the number of men with specified educational qualifications who had found employment particularly in commerce and industry.

The Committee in reply informed the Director of Industries that they had no objection to the proposal for collection of statistics of employment, but that, in their opinion, the question of collection of unemployment statistics as suggested was the main necessity and that a direct method of approach for fulfilling that need should be thought about.

Mechanisation in the modern world.

The International Institute of Intellectual Co-operation is conducting an enquiry into the problem of "Mechanisation in the Modern World". With a view to ensure the representative character of the enquiry, they have invited co-operation from persons and institutions in the different countries who would be willing to further the object of the enquiry.

The aim of the enquiry will be to promote a series of studies or monographs on the various aspects of the problem of intellectual study of the sociological aspects of mechanisation. The Government of India have, through the Government of Bombay, enquired if the Chamber would be willing to participate in such an enquiry.

The Committee in their reply to the Government of Bombay stated that the Chamber as such was not interested in such an enquiry, though they added that such a study would be an important contribution to the knowledge and information on the subject.

Amendment of the Law of Insolvency—Bankruptcy notices.

The Bombay Incorporated Law Society forwarded to the Committee copies of their petition to His Excellency the Viceroy submitting that the Presidency Towns Insolvency Act may be amended by incorporating therein provisions similar to those relating to "Bankruptcy notices" in England. The effect of such a provision would be that a creditor after he had obtained a decree for money against a judgment-debtor could serve the debtor with a bankruptcy notice. If the debtor did not pay the debt within the time specified in the notice the creditor could on this ground have the debtor adjudged an insolvent and his property collected and distributed among the creditors under the Law of Insolvency.

By the amendment made in 1936 to Section 51 of the Civil Procedure Code, it is provided that arrest and detention in jail of a judgment-debtor in respect of money

decree shall not be ordered except under certain conditions detailed in the proviso to the said section. The amendment in question, it was pointed out, afforded an opportunity to dishonest debtors whose ability to pay was not susceptible of proof by creditors to evade payment. To minimise the inconvenience and hardship caused to creditors by the above amendment, the Committee agreed with the Law Society that the amendment to the Presidency Towns and Provincial Insolvency Act by including provisions on the lines of the English Act referred to above was necessary and accordingly addressed a communication to the Government of India supporting the case submitted by the Law Society.

Law's Delays—Engagement of two counsel and jurisdication of the Small Causes Court.

As complaints about the delays in the process for securing legal redress and the charges for the same were frequent, the Committee considered suggestions for securing some relief in the matter. They have submitted a representation to the Chief Justice and the Hon'ble Judges of the Bombay High Court recommending that the limit for the engagement of two counsel in the Bombay High Court be increased from Rs. 10,000 to Rs. 25,000. They have also approached the Government of Bombay with a suggestion that the jurisdiction of the City Small Causes Court should be extended to suits upto Rs. 5000 in value. If the above suggestions are accepted by the authorities, it is felt that the same would help considerably to reduce the grievances of the litigant public.

Zanzibar Clove Legislation.

The Committee sent a telegram to the Government of India on the 23rd December 1936, protesting against the recommendations of the Binder Enquiry Report on the Zanzibar Clove Industry. Since then the full text of the Binder Report was available, and the Committee addressed the Government of India on the 19th January forwarding their considered opinion on the same.

The Committee observed that Mr. Binder had not only failed to appreciate the Indian point of view but had deliberately ignored it. Indians were a part of the territory and the interests of the territory as whole could not be considered without their interests. By ignoring Indian interests, Mr. Binder had raised racial issues in his report. The Government of Zanzibar admitted that the problem was a racial one. Commenting on Mr. Menon's Report who was specially deputed by the Government of India to enquire into the grievances of Indians with regard to the Clove industry, the Zanzibar Government observed that it was futile to attempt to disguise the facts that the Protectorate's problem was essentially a racial one; to ignore or attempt to conceal that fact was merely to evade the issue. In the face of this blatantly anti-Indian opinion of the Government of Zanzibar and of Mr. Binder's recommendation, it was impossible for any responsible person to approach the problem from the economic point of view only. Mr. Binder's report was practically based on anti-Indian policies of the Zanzibar Government, and according to it the interests of Indians in Zanzibar were not to be of much consequence. The Committee therefore pointed that under no circumstance the Indian commercial community would agree to the contemplated ruin of Indian traders in Zanzibar, who were the virtual builders of the Clove industry there. Mr. Binder's recommendations were to give more power to the Clove Growners' Association in order to give it a virtual monopoly of the Clove trade. It was difficult to understand how under such circumstances any independent trader in Zanzibar could carry on legitimate business. The Committee therefore suggested in conclusion that in view of the clear declaration of the Government of Zanzibar's policy that their problem was a racial one, and in view of their refusal to accept the recommendations of their own Commission presided over by the Chief Justice of Zanzibar to report on the agricultural indebtedness and of the Report of Strickland and Pim, the Government of India should suggest the exploration of further avenues with a view to arriving at a satisfactory agreement. One such avenue,

the Committee suggested was a Round Table Conference of the representatives of all parties concerned in the controversy.

Later the attention of the Committee was drawn to the fact that a fresh enquiry was proposed to be instituted by the Colonial Office and that the same was entrusted to Sir Ernest Dowson. The Committee thereupon sent a telegram to the Government of India, Department of Education, Health & Lands protesting against such an enquiry as the question had been threshed out already previously and pressing Government not to allow fresh enquiry.

As a result of the negotiations which the Government of India were carrying on with the Zanzibar Government and the Colonial Office, it was announced in July that the Government of Zanzibar had agreed to give representation to Indian interests on the machinery to be constituted to control the clove trade.

The position which the Indians in Zanzibar and the Indian commercial community had taken up since the very beginning with regard to this question was that the monopoly underlying the proposed Clove Legislation in Zanzibar should not be introduced. The concessions which were reported to have been allowed preserved intact the idea of such a monopoly, while giving to Indians some seats in the machinery for carrying out that monopoly. As such a tinkering of the problem did not at all meet the requirements of the situation, the Committee sent a telegram to the Government of India, on 21st July, protesting against the reversal of policy implied in the reported arrangements with the Zanzibar authorities and urging the imposition of an embargo on imports of cloves as the only way of asserting India's self-respect. They also sent a telegram to the Zanzibar Indian National Association, assuring the Indians in Zanzibar of the country's support in their fight against the legislation in question.

The Committee further congratulated the clove merchants in Bombay on their decision not to import Zanzibar cloves pending a satisfactory solution of this problem.

Expulsion of Messrs. Mahomedali & Co. from Abyssinia.

The question of the expulsion of Messers. Mahomedali & Co. from Abyssinia by the Italian Government was given anxious consideration by the Committee of the Chamber. At one time they thought of convening a public meeting of the citizens of Bombay under the auspices of the Commercial Associations in the city, to raise a protest against the treatment meted out to this well-known firm in Abyssinia. On the 9th May, however, a press note was published by the Government of India saying that they are vigorously pursuing the matter with Italian authorities and that the Italian Government were granting reasonable facilities and time to enable the company to liquidate its affairs there. Having regard to the fact that the matter was being actively pursued by the Government of India, the Committee abandoned the idea of public meeting and instead addressed a communication to the Government on 22nd May expressing strong feeling and resentment caused by this affront to the Indian people by the Italian authorities. They pointed out that the occasion had created apprehensions in the minds of the commercial community regarding the safety of the rights of Indian businessmen abroad and urged that Government should take effective action in the matter in a manner which would make all colonial governments feel that the power and strength of the Government of India and of the British Empire was behind the Indian merchants and traders abroad and that any injustice done to them or to their business interests should not be tolerated by authorities.

Arrest and detention of Mr. Das Gupta, of the Indo-European Trading Co., by the German Authorities at Hamburg.

Mr. Das Gupta, of the Indo-European Trading Co., was arrested and detained at Hamburg by the German

Police authorities for certain alleged irregularities in the Berlin office of the Company.

On receiving the information, the President of the Chamber requested, by wire, the Indian Government Trade Commissioner at Hamburg, and the Representative of the Federation of Indian Chambers of Commerce and Industry at Berlin, to obtain all necessary facilities for Mr. Das Gupta. In this connection, the Committee received a letter from the Indian Government Trade Commissioner at Hamburg advising them of the release of Mr. Das-Gupta.

Representation in the Legislature.

Elections for the Reformed Provincial Legislature were held early in the year and Mr. M. C. Ghia was returned as the representative of the Chamber on the Bombay Legislative Assembly.

Mr. Mathurdas Vissanji, the representative of the Chamber in the Indian Legislative Assembly resigned his seat in November last year. Mr. Manu Subedar has been unanimously elected in his place.

Lalji Naranji Memorial Building for the Indian Merchants' Chamber.

Members are doubtless aware of the proposal to have a memorial for the late Sheth Lalji Naranji. The Memorial Committee have decided that the Memorial should take the form of a building for the Indian Merchants Chamber. Contributions amounting to over Rs. 1,80,000 have been promised to the Memorial Fund. The Memorial Committee have authorised the Committee of the Chamber to take the necessary steps for having the building and Plot No. I, Block No. I in the Backbay Reclamation area has been secured for the purpose. The Building operations may be expected to be taken in hand shortly. The building when completed will be held in Trust for the use of the Chamber by

trustees to be appointed for the purpose. The best thanks of the members of the Chamber are due to the Lalji Naranji Memorial Committee for their decision to identify the Chamber with the Memorial scheme.

F. E. Dinshaw Memorial.

As members are perhaps aware, the public meeting of the citizens of Bombay held to mourn the death of the late Mr. Dinshaw decided to perpetuate his memory and appointed a Memorial Committee to take steps in that direction.

The Memorial Committee have tentatively decided that the Memorial should take the form of an Economic and Financial Reference Library. It will be of interest to members to know that the Indian Merchants Chamber is to be associated with this memorial and will have a hand in the management of the library on certain terms and conditions, one of them being that the Chamber should make an annual contribution towards the recurring expenses of the library. The library would be contiguous to the Chamber Building so that the members of the Chamber may be enabled to take full advantage of its facilities.

Commercial Examinations.

It was in the year 1927 that the Chamber inaugurated its scheme for conducting Commercial Examinations. The scheme has now been in force for over 10 years. A review of the progress made in the matter will be of interest to members. The number of candidates who took these examinations were as under:

Year.	Diploma.	Certificate.	Total.
1927	42	34	76
1928	50	46	96
1929	70	36	106

Year.	Diploma.	Certificate.	Total.
1930	98	58	156
1931	78	41	116
1932	97	29	126
1933	116	49	165
1934	128	74	202
1935	161	95	256
1936	198	202	400
1937	186	165	351

In the year 1937 there were 351 candidates out of which 186 were for the diploma courses and 165 were for the certificate examaminations. The results showed that 56 candidates were successful in the diploma section and 86 in the certificate section. The examinations were held this year in the following centres:—

Bombay, Poona, Ahmedabad, Surat, Indore, Lahore, Madras, Mysore, Bangalore, Trichinopoly, Calicut, Narsapur, Coimbatore, Trivandrum and Calcutta.

Obituary.

The Committee passed resolutions placing on record their sense of loss by the sad deaths of Sir Sorabji N. Pochkhanawalla, Sheth Madhowji Damodar Thackersey, Mr. Motilal Kanji and Mr. Taherali Saherwala during the year.

Membership of the Chamber.

At the beginning of the year there were on Register 515 members. During the year 52 members were elected and 26 discontinued their membership (18 having resigned, 7 having been struck off from the roll for arrears of subscription and 1 having died). There are thus 541 members now on the roll.

Accounts.

The statement of accounts of the Chamber for the year ended 31st December 1937 with the auditors report is annexed hereto. It will be observed that a sum of Rs. 3719-9-0 has been received as contributions from the representatives of the Chamber on various public bodies. The best thanks of the Committee are due to the gentlemen who have made these contributions.

THE INDIAN MERCHANTS' CHAMBER

Dr. *Receiptsand Payments Account from 1st January 1937 to 31st December 1937* **Cr.**

RECEIPTS			Rs.	as.	ps.
To Balance brought forward as per last year's a/c.			87,023	5	0
"CAPITAL FUND ACCOUNT:	Rs.	Rs.			
52 New Members @ Rs. 50/- each	2600/-				
Less fees received last year from 6 members	300/-	2300/-	2,300	0	0
MEMBERSHIP SUBSCRIPTION:					
367 Resident Members @ Rs. 75/- each		27,525/-			
78 Limited Companies @ Rs. 100/- ,,		7,800/-			
67 Mofussil Members @ Rs. 25/- ,,		1,675/-			
29 Assocn. Members @ Rs. 125/- ,,		3,625/-			
Subscription received from a resigned member		75/-			
Outstanding realised		3,650/-			
		44,350/-			
Less:	Rs.				
Subscription outstanding	4,825/-				
Subscription received last year from 6 new members	475/-				
Advance Subscription from 1 Mofussil Member	25/-	5,325/-	39,025	0	0
"Contributions from Chamber's representatives on various public bodies			3,719	9	0
"Fees for Commercial Examinations			3,924	8	0
"Interest on Investments & Current A/c. ..			2,062	10	3
"Advertisements in Journal			1,861	5	0
"Fees for Certificates of Origin, etc.			2,785	0	0
"Subscriptions to Journal			95	8	0
"Sale of Members' List, etc.			208	0	0
,, Syllabus & Question Papers ..			69	7	0
"Sundry Receipts			16	6	0
"Deposit with Central Publication Branch, Delhi, as per last year's a/c. ..			17	13	6

PAYMENTS	Rs.	as.	ps
By Establishment charges	26,407	1	9
,, Rent, Insurance & Electric Charges	3,687	11	6
,, Telephone rent, etc.	531	8	0
,, Postage & Telegrams	2,045	9	3
,, Printing Reports, etc.	2,839	11	3
,, ,, Journal	3,623	12	0
,, Stationery	1,124	10	6
,, Commercial Examinations, including honorarium to examiners, printing, etc.	2,487	1	6
,, Subscriptions to Newspapers & Periodicals, etc.	557	4	5
,, Books for Library	640	2	5
,, Miscellaneous Expenses	283	15	9
,, Upkeep of Library, including binding charges, etc.	80	4	0
,, Carriage Hire	313	1	6
,, Chairs Hire	67	10	0
,, Commission on Advertisement in Journal ..	246	14	0
,, Auditors' Honorarium for 1936	100	0	0
,, Repairs to Typewriters, etc.	119	8	0
,, Membership subscription to Federation of Indian Chambers of Commerce & Industry ..	150	0	0
,, Membership subscription to Indian National Committee, International Chamber of Commerce	33	0	0
,, Contribution to Indian Chamber of Commerce in Great Britain	28	13	7
,, Deposit with Central Publication Branch, Delhi	20	10	0
,, Furniture & Fittings	105	9	0
,, Bank Commission	6	10	0
,, Travelling Expenses	564	6	3
,, Office Appliances (New Typewriter)	359	4	0
,, Loans to Office Peons (recoverable) ..	200	0	0
,, Income-tax	620	3	0
	47,244	5	8

„ Refund of deposit from Postmaster General, Bombay regarding Trunk calls, etc.				25	0	0	
„ Survey Surplus				10	0	0	
„ Loan recovered from Office Peons				230	0	0	
„ SUSPENSE :							
Deposit regarding Survey of piecegoods		Rs. 300/-					
Central Assembly Bye-election deposit		500/-		800	0	0	
			Total ..	1,44,173	7	9	

BY BALANCE :—								
CAPITAL FUNDS :	Rs.	as.	ps.					
5% Govt. Loan (1945-55) of Rs. 5000/- at cost	5,425	0	0					
5% Municipal Loan of Rs. 10,000/- at cost	8,862	8	0					
Fixed deposit with the Central Bank of India at 2½%	29,000	0	0					
In Current A/c. with the Central Bank of India	2,562	8	0	45,850	0	0		
„ OTHER INVESTMENTS :								
4% Port Trust Bonds of Rs. 2,000/- at cost	2,025	0	0					
2½% Govt. Loan of Rs. 20,000/- at cost	20,025	0	0					
Fixed deposit with the Central Bank of India at 2½%	6,000	0	0	28,050	0	0		
„ CASH :								
In Current A/c. with the Central Bank	11,958	6	0					
In Current A/c. with the Bank of India	10,342	15	11					
On hand (including Cheques)	727	12	2	23,029	2	1	96,929	2	1
						Total ..	1,44,173	7	9

J. K. MEHTA,
Secretary.

GOVINDLAL SHIVAL MOTILAL,
President.

We have examined the above account of Receipts and Payments with books and vouchers of the Indian Merchants' Chamber and certify that the same is correct.

Bombay, 3rd January 1938.

DEVIDAS VITHALDAS & CO.,
Accountants & Auditors.

OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY

APPENDICES

I.—TRANSPORT AND COMMUNICATIONS

APPENDIX 1

Empire Maritime Policy and India's place therein

Letter No. 52 dated 8th January 1937 from Chamber to Government of India, Commerce Department.

I am directed by the Committee of this Chamber to invite your very serious attention to the highly detrimental manner in which the so-called Empire maritime policy affects in actual practice India and her national interests. It is becoming more and more obvious that while various burdens, obligations and duties have been imposed on India as a consequence of this Empire maritime policy, every right, privilege and opportunity which would make India an effective maritime unit of the Empire has been denied to or taken away from her.

2. One of the most important rights, which the Dominion Parliaments secured as a result of the Conference on the operation of Dominion Legislation and merchant shipping legislation held in London in October 1929, was that every Dominion will have the full and complete power to enact legislation relating to merchant shipping as it considered best in its interests. Although India was officially represented at that Conference and although it was recommended that steps would be taken to secure for India the same power in relation to merchant shipping legislation as would be accorded to the Dominions, not only was India, when the time came, excluded from this large Empire maritime policy, but the little power which it had enjoyed to develop its national marine and to enact shipping legislation in connection therewith was even taken away from her by the new Act recently imposed on her by the British

Parliament. The policy seems to be that India as a part of the Empire should carry the burdens but not share the privileges enjoyed by the other parts of the Empire.

3. When the Government of India received a communication from the Secretary of State for India in regard to the formation of an Empire maritime policy on the lines enunciated by Mr. Runciman in the House of Commons on the 3rd July 1934, not only did the Government of India not consult the Indian commercial and shipping interests in regard to this important subject, but they even refused to lay that communication and their reply on the table of the Legislative Assembly on the ground that they were confidential documents. This is how even information is denied to the people of this country in matters which vitally affect their present and future interests.

4. Again, when the Government of India issued a circular letter calling upon their civil and military officers receiving the benefit of the Lee passage concessions to travel only by Empire ships, in pursuance of the representations received by them from the India Office, not only did they not invite the Indian commercial and shipping opinion on the subject, but so far as my Committee understand they did not take any step to further the cause of Indian shipping in any direction whatsoever while consolidating the so-called Empire maritime policy. As if this was not sufficient disservice to India, their spokesmen in the Legislative Assembly remarked that, by such action in common with the rest of the Empire, India benefits. It is not India which benefits, but it is the British shipping and Great Britain which benefit at India's expense.

5. Another serious attempt is now being made by British shipping interests to exploit the bargaining power which India possesses for the benefit of British shipping in the name of Empire shipping. Lord Essendon, for instance, remarked in the House of Lords on the 11th November last :

> 'I am not clear whether the Trade Agreement between India and Japan is concluded. If it is not,

> I urge the Secretary of State to see that something is done to help British shipping between India and Japan. I sincerely hope it is not too late.'

and the Hon'ble Alexander Mr. Shaw in his speech at the annual meeting of the P. & O. seriously complained that the Government of India "in spite of repeated requests backed by undisputed facts and figures" wholly declined to carry out the behest of British shipping interests in this matter and demanded :

> "that the Government of India should be pressed in its negotiations with Japan to use its bargaining power to the full in support of Empire shipping"

which, in practice, would mean the ships of the group controlled by an English company. It is amazing that while India is deeply interested in the trade between India and Japan and has to arrive at a Trade Agreement in her national interests, it is the British shipping interests, which has never hesitated to sacrifice Indian national interests such as the ruining of Indian yarn trade with China to promote their own selfish ends, should continue to press their demand for exploiting the bargaining power of India not for the interests of India and Indian shipping but for the benefit of British shipowners even at the expense of India's national interests.

6. My Committee are further surprised to observe from the speech of Mr. Shaw that he deplores the attitude of the Government of India in not falling in line with the demand of the British shipowners to allow the bargaining power of India to be used for the benefit of British Empire ships on the ground that they "were not actually owned by native-born Indians". If this version of what has happened is correct, my Committee would like to record their appreciation of the courage shown by the Government of India on this occasion in this matter, because it enunciates the correct national policy that India's bargaining power and India's negotiations should be utilised for furthtering the cause of India's national shipping and should no be sacrificed for the benefit of others.

7. My Committee have noted, however, with deep anxiety the rapidity with which Japan, with all the financial assistance which she receives from her national Government, has been establishing her powerful domination over the trade routes between India and the Far East and have, therefore, to urge upon you in all earnestness that the Government of India should press with all the power at their command their demand to secure a share of the Indo-Japanese trade for Indian shipping and thus give a practical proof of the assurances repeatedly given by them for taking effective steps to build up an adequate Indian mercantile marine in the overseas trade of India. Any yielding, however, to the pressure exerted from across the seas in this connection will only strengthen the domineering hold of British shipowners at the sacrifice of India's national interests. My Committee need not add that India with an effective merchant navy will be a source of great strength to all the parts of the Empire in enabling them to evolve a real Empire maritime policy designed to promote their common interests.

8. Another suggestion which Mr. Shaw has made is that the whole question about the shipping position in the Far East should be referred to the Imperial Shipping Committee for their examination and advice. As India is vitally interested in this Eastren trade, it is essential that she should have an effective voice in such an inquiry. My Committee would, therefore, urge upon the Government of India to see that accredited non-official representatives of Indian trade and Indian shipping are given a place on the Imperial Shipping Committee and that India is allowed to participate in the deliberations of that Committee.

Letter No. 91 *dated* 14*th January* 1937 *from Chamber to Government of India, Commerce Department.*

In continuation of this Office No. 52, dated the 8th January 1937, addressed to you, my Committee now find from the papers received this mail that Dr. Burgin, the Parliamentary Secretary, in reply to a question put in the House of Commons to the President of the Board of Trade

to the effect whether in view of unsatisfactory position of British merchant shipping in the Far East he would consider referring the question to the Imperial Shipping Committee for examination and advice as to the remedial action, stated :

> "The Imperial Shipping Committee have been for some time engaged in a survey of shipping which includes the Far East, and will be asked to furnish a special report on the position there."

2. As pointed out in the letter referred to above, India is vitally interested in this Far Eastern trade and now that this question has been already under the consideration of the Imperial Shipping Committee and as they have been asked to furnish a special report in regard to that subject, it becomes quite imperative that India should be represented on the Committee and should be allowed to participate in its deliberations. My Committee have, therefore, to request the Government of India to take immediate action and arrange for the representation of a non-official representative of Indian trade and Indian shipping on that Committee and also to secure for India an opportunity to participate in its deliberations.

3. My Committee would further like to urge upon the Government of India that in case there was any technical difficulty in securing the immediate representation of such a representative on that Committee, they would be pleased to lose no time at any rate in securing the co-option of such a representative on that Committee so far as this particular question was concerned with the same rights and privileges as the members of the Committee would enjoy.

APPENDIX 2

Indian Shipping and the position of British Shipping in the Far East

Letter No. 100-*M.I*(2)/37 *dated 8th March* 1937 *from Government of India, Commerce Department, to Chamber.*

I am directed to bring to the notice of your Chamber that the Imperial Shipping Committee, London, have recently been asked by His Majesty's Government in the United Kingdom to furnish special report regarding the position of British shipping in the Far East. The terms of reference to the Committee are as follows:

> 'In view of the changing conditions in the sea-borne trade in the Middle Eastern and Far Eastern Waters and particularly of the effect on British shipping of increased competition of foreign flags, the Imperial Shipping Committee is requested to enquire into the position of British shipping in these waters.'

I am to inform you in this connection that the Government of India have been advised that the Committee would be prepared to receive written memoranda from Indian shipping interests and also to hear Indian witnesses orally if any of them desire to appear before the Committee, when they hold the enquiry in question. So far as is known at present the enquiry will be conducted in London.

2. In case any memorandum on the subject is submitted by your Chamber to the Imperial Shipping Committee, the Government of India would be glad to have a copy thereof.

Letter No. 100-*M.I*(2)/37 *dated* 16*th March* 1937 *from Government of India.*

The Imperial Shipping Committee, London, has commenced an enquiry into the position of British shipping in

the Middle and Far Eastern Waters having regard to changing condition of sea-borne trade in those waters and particularly to the increased competition of Foreign Flag. The Committee would be prepared to receive written memoranda from Indian shipping interests and also to hear Indian witnesses orally if any of them desire to appear before the Committee. Communications in connection with the enquiry should be addressed to the Secretary of the Committee, Mr. Douglas Carter, New Public Office, Great George Street, London, S.W. 1.

Letter No. 100-*M.I*(2)/37 *dated* 23*rd March* 1937 *from Government of India to Chamber.*

In continuation of this Department endorsement No. 100-M.I(2)/37, dated the 16th March 1937, on the above subject, I am directed to say that intimation has been received from the High Commissioner for India, who is the representative of the Government of India on the Imperial Shipping Committee, that the Committee have already begun to take evidence and will continue to do so through the months of March, April, May and perhaps longer. The Government of India would therefore like to know at a very early date whether your Chamber propose to give oral evidence before the Committee and, if so, in what month. The information is required for the Committee to enable them to draw up their programme for taking oral evidence. I am to add for your information that the travelling expenses of the witness or witneses, if any, will not be borne by the Committee.

Letter No. 1155 *dated* 31*st April* 1937 *from Chamber to Chairman, Imperial Shipping Committee, London.*

I am directed by the Committee of this Chamber to inform you that the Government of India, Department of Commerce, in their letter No. 100-M.I(2)/37, dated New Delhi, the 8th March 1937, have intimated to them that they had been advised by your Committee that they would be prepared to receive written memoranda and also to

hear Indian witnesses orally in connection with the inqniry now pending before them into the position of British shipping in the Far East.

2. In response to the letter referred to above, my Committee beg to forward herewith a copy of the letter addressed by the Indian National Steamship Owners' Association to you on this subject, dated Bombay, the 6th April 1937 (Refer file R 39 of 1937), and to add that they endorse and support the views set forth in that communication. I am further directed to add that Mr. Walchand Hirachand and Mr. D. S. Erulkar have been requested on behalf of this Chamber to give evidence before your Committee in connection with this inquiry and that Mr. D. S. Erulkar has been requested to put himself in communication with you for arranging the date and time for that purpose.

3. I have been further asked by my Committee to forward to you a copy of the letter which they have addressed to the Government of India, Department of Commerce, on this subject with a request that the points raised therein will receive your careful consideration.

Letter No. 1157 dated 21st April 1937 from Chamber to the Government of India.

I am directed by the Committee of this Chamber to acknowledge the receipt of your letter No. 100-M.I(2)/37, dated New Delhi, the 8th March 1937, in connection with the inquiry by the Imperial Shipping Committee into the position of British shipping in the Far East and to forward to you, as desired in para 2 of your letter, a copy of the communication which they have sent to the Chairman of the Imperial Shipping Committee, London.

I am further directed by my Committee to invite your attention to their letter No. 91 of the 14th January last and particularly to paras 2 and 3 thereof wherein they have requested the Government of India to take immediate action and arrange for the representation of a non-official representative of Indian trade and Indian

shipping on the Imperial Shipping Committee and also to secure for India an opportunity to participate in its deliberations. My Committee regret that they have not yet been favoured with the views of the Government of India as to the steps they have taken or propose to take in connection with that question.

My Committee would further like to emphasise the fact that the proper representation of the Indian commercial and Indian shipping interests on the Imperial Shipping Committee is essential for securing fuller, equal, effective and just consideration of the claims of India from all points of view as an Imperial maritime unit of an equal standing with all the component parts of the Empire. My Committee would like, therefore, to urge upon the Government of India with all the earnestness at their command that as the Imperial Shipping Committee derives its authority from and is responsible to the Governments represented at the Imperial Conference and as large questions of shipping policy including a review of the work of the Imperial Shipping Committee will come up before that Conference, the Government of India would be pleased to ask Indian Delegates to that Conference to see that the technical difficulties, if any, are removed and that a seat for a non-official representative of Indian shipping industry on the Imperial Shipping Committee is secured for the future.

My Committee will feel grateful to you if the Government of India will be good enough to let them know what action they propose to take in connection with this very important matter.

Letter No. 100-*M.I*(2)/37 *dated 7th May* 1937 *from Government of India to Chamber.*

With reference to para 3 of your letter No. 1157 dated the 21st April 1937, on the above subject, I am directed to inform you that in view of the assurance already received from the Chairman of the Imperial Shipping Committee that the claims of Indian shipowners to be

represented on the panel of shipowners attached to the Committee would be considered on the occurrence of a vacancy, and the fact that the non-official members of the Committee are appointed to it as "experts" and not as representing any particular Empire country, the Government of India are of the opinion that no useful purpose would be served by pursuing the matter.

Letter No. 1498 dated 22nd May 1937 from Chamber to Government.

I am directed to acknowledge receipt of your letter No. 100-M.I(2)/37, dated the 7th May 1937. My Committee are grievously disappointed that their request for the appointment of a non-official Indian representing Indian shipping on the Imperial Shipping Committee has not been accepted. While they appreciate the assurance received from the Chairman of the Imperial Shipping Committee that the claims of the Indian shipowners to be represented on the panel of shipowners attached to the Committee would be considered on the occurrence of a vacancy, they feel that this is not sufficient and that it will not secure the object my Committe have in view, viz. to have an Indian on the Committee itself. This can only be secured if an Indian is appointed as one of the five non-official members on the Committee for their experience in shipping and commerce. It is contended by Government that "non-official members of the Committee are appointed to it as experts and not as representing any particular Empire country". It may be pointed out, however, that while these non-official members are not appointed to the Committee as experts representing any particular Empire country, in practice all parts of the Empire are represented as members on that Committee excepting India. It is neither fair nor politic to exclude Indians from such an important Committee on a ground not at all convincing.

My Committee are sure that if the Government of India press for the claims of Indians being included as members of the Committee, the Imperial Shipping Committee

cannot but accept the suggestion. It is a long time since the claims of Indian shipping for such representation are made, and my Committee trust that their reasonable suggestion will now be accepted.

APPENDIX 3

Share of Indian Shipping in Indo-Japanese Trade

Telegram dated 4th February 1937 from Chamber to the Government of India, Commerce Department.

Committee Indian Merchants' Chamber gravely perturbed learning from Times of India of yesterday's date serious attempts being made by British shipping interests through Government (of) India to secure for them only with total exclusion of Indian shipping interests from Far Eastern Trade at sacrifice of India's interests right to carry 50 per cent of Indo-Japanese trade as part of the proposed new Indo-Japanese Trade Pact. Committee consider this move as highly detrimental to India's economic and shipping interests and urge upon Government immediate necessity not only of redeeming their continuous assurances of providing adequate share of Indian shipping in Overseas trade by securing for it reasonable share of the Indo-Japanese trade but to take also necessary steps to safeguard India's economic and shipping interests in connection with the proposed Trade Pact with Japan.—Inchambu.

Letter No. 1156 dated 21st April 1937 from Chamber to Government of India.

I am directed by the Committee of the Indian Merchants' Chamber to invite your attention to the recent reports in the Press that the Commerce Department of the Government of India have proposed to convene a Conference of the British and Japanese shipping interests for the purpose of adjusting their quotas in the Indo-Japanese Maritime

Trade, from which the Indian shipping interests seem to have been evidently excluded. My Committee would like in this connection to invite your attention to their letter No. 52 of the 8th January 1937 in regard to the attempts being made by the British shipping interests to exploit the bargaining power of India and the negotiations which were then going on in regard to the Indo-Japanese Trade Agreement, for securing preference for British shipping in the Indo-Japanese Maritime Trade at the cost of Indian shipping interests. Several Indian Chambers including this Chamber have already protested against this and have insisted that if any preference has to be given for carrying the Indo-Japanese maritime trade on the strength of India's market or India's bargaining power, it should be given to Indian shipping and not to British shipping at the cost of India.

In case the Press report referred to above is correct, my Committee would strongly urge upon the Government of India the necessity not only of inviting the representatives of Indian shipping to the proposed Conference, but of giving them an effective and predominant voice in the adjustment of the carriage of trade which emanates from India or terminates in India. In view of the repeatedly declared policy of the Government of India to take effective steps for the participation of Indian shipping in the overseas trade, my Committee are of the opinion that the occasion for the adjustment of quota of the shipping companies carrying the Indo-Japanese maritime trade should be utilised for securing a proper and legitimate share for Indian shipping in that trade.

The Press report further states that although there is a Gentleman's Agreement between India and Japan that Japanese shipping shall not intrude in the coastal trade of India, the Government of India are now prepared to revise that policy and to allow Japanese ships to carry cargo between Indian ports. My Committee have already pointed out to you in the past that the intrusion of Japanese tonnage in the Indian coastal trade is a constant menace

to the Indian coastal shipping companies and they like to further point out to you that it would be highly objectionable even if the Government of India under normal circumstances either on their own initiative or under the pressure of the British shipping interests threw open the coastal trade of India to Japanese ships in order to help the British shipping interests to secure their quota which they have been demanding in the Indo-Japanese maritime trade, but it is positively detrimental to the larger economic interests of India if they were proposing to do so without even giving an opportunity to Indian shipping interests to secure a footing in the Indo-Japanese maritime trade in which they are particularly interested.

Even if it is suggested that the Conference which is proposed to be convened is to be a conference between the British and the Japanese shipping interests actually enganged in the Indo-Japanese maritime trade and that too for the purpose of determining their respective quotas in that trade, my Committee are seriously apprehensive of the manner in which the vital interests of Indian shipping would be scrificed as a result of secretive methods and private arrangements between two sets of shipping interests who really carry Indian exports and imports and who would presumably utilise the authority and influence of the Government of India for furthering the cause of British shipping during such negotiations with Japanese shipping interests. My Committee have, therefore, to urge upon the Government of India the necessity of securing a proper place and an effective voice for Indian shipping interests in such a Conference so that not only will they be able to translate into action their policy of developing Indian shipping in the overseas trade, but they will thereby be able to safeguard the larger economic interests of India by securing for Indian shipping its legitimate share in the Indo-Japanese maritime trade which emanates from India or terminates in this country. My Committee will feel obliged if the Government of India will be pleased to give this matter their very serious consideration and to inform

them of the steps that they propose to take in this connection to protect the interests of Indian shipping and to further the economic interests of this country.

APPENDIX 4

Encroachment of Japanese Shipping in Indian Coastal Trade

Telegram dated 14th January 1937 from Chamber to Government of India, Commerce Department.

Committee Indian Merchants' Chamber understand steamer under charter of Japanese Company already loading cargo from Bassein for Indian Ports. This is in contravention of Gentleman's Agreement arrived at between Sir Joseph Bhore, Commerce Member, and His Excellency Sawada as representing India and Japan in 1933. Committee have to request Government of India to take immediate action and arrange that Japanese shipping will respect arrangement already made and not intrude in Coastal trade.—Inchambu.

APPENDIX 5

Shipping Companies and Limited Bank guarantees

(NOTE.—*The Correspondence is published in the Annual Report of the Chamber for* 1936—*Vide page* 251).

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APPENDIX 6

Mr. Sapru's Bill in the Council of State to control the Coastal Traffic

Letter No. 7080/12733-B dated 30th November 1936 from Government of Bombay, Political and Reforms Department, to Chamber.

I am directed by the Governor in Council to forward herewith a copy of Government Resolution No. 7080, dated the 30th November 1936, regarding a Bill (*not printed*) to control the Coastal Traffic of India, and to request that you will be so good as to communicate to Government by the 12th January 1937, at the latest any observations which your Chamber may desire to make in respect thereof.

Letter No. 19 dated 6th January 1937 from Chamber to Government of Bombay.

I am directed by my Committee to acknowledge, with thanks, the receipt of your letter No. 7080/12733-B dated the 30th November 1936, on the subject of the Bill to control the Coastal Traffic of India and as desired therein have to offer the following observations:—

While the coastal trade of almost all important maritime countries has been reserved to national ships, the coastal trade of India has always been open to all flags. Indian shipping has, therefore, to struggle against the unhealthy competition from two different sources. The British Shipping Companies regularly engaged in the coasting trade, as admitted by Sir Alfred Watson, have crushed all attempts of Indian Shipping Companies to live and grow in their own home waters, while the actual and potential opposition of occasional outside steamers—which in 1933 reduced the earnings of coastal shipping by over ¾ crores of rupees—exhaust their resources by compelling them to keep their rates of freight throughout the year at a very low and uneconomic level. It is this open-door policy coupled

with the competition from these two sources, which makes it impossible for Indian shipping even to live in its home waters, not to say anything about its growth and development. My Committee, therefore, welcome the underlying principle of the Bill which as mentioned in the Statement of Objects and Reasons for that Bill is "that Indian capital may invest itself in coastal shipping and an Indian mercantile marine may grow and develop".

The real question, therefore, is how to prevent this double unfair competition and consequently so to revise the existing conditions on the coast as would give, as emphasised by Lord Irwin in the Shipping Conference in 1930, the tonnage engaged in the coastal trade a fair chance "of economic employment".

My Committee would like to emphasise the fact that what India means by "the growth and development of Indian Mercantile Marine" which is the object of the Bill, is that the present non-Indian tonnage engaged on the trade should be replaced by tonnage, owned, managed and controlled by Indians. In other words, they endorse the definite conclusion reached by the Indian Mercantile Marine Committee appointed by the Government of India themselves in 1923-24 that the only effective way of building up an Indian Mercantile Marine was "the eventual reservation of the Indian coastal trade for ships, the ownerships and the controlling interests of which are predominantly Indian", and this fundamental principle was recognised by the Government of India themselves when their spokesman remarked in the Legislative Assembly "that Government are particularly anxious to facilitate the growth and the expansion of the coastal trade of India in so far as that coastal trade is operated by Indian agencies and through the instrumentality of Indian capital". My Committee, therefore, are of opinion that it is imperative that the Bill should be suitably modified by the incorporation of a further clause vesting power in the Government of India to limit the total quantity of tonnage plying on the coast and to make it obligatory on such tonnage to obtain

necessary licence for that purpose. Such licences should be issued by the Government of India to Indian and non-Indian tonnage in such proportion as is in consonance with the national demand and the legitimate claims for natural expansion of the existing Indian Shipping Companies and their declared policy referred to above so that at any rate the 50% of the total tonnage thus licensed to start with may be owned, controlled and managed by the nationals of the country. My Committee would like to add that with a view to protect the interests of the shippers and the consumers against the fear of the shipping lines charging excessive rates of freight, a Shipping Board consisting of representatives of Indian Commerce not connected with shipping shall be constituted with powers to enquire into all complaints about such excessive rates and to take such action as will, while protecting the shippers and consumers against the fear of the shipping companies charging excessive rates, recognise that the shipping companies are also entitled to a reasonable return on the capital invested by them in the trade.

It is the intention of the Bill to prevent the waging of a rate war in the coastal trade. The expression "coastal trade" as meant for years past, is the coastal trade emanating from and carried to the ports on the coast of India, Burma and Ceylon. Sub-Clause 2 of Clause 1 of the Bill, however, narrows down the sphere of the trade and Mr. Dow has remarked that the rate wars were generally common in the trade between Bengal and Burma and that trade would soon cease to be a matter of sole concern of the Government of India, the Bill ought to have given an indication as to how the difficulties arising from that fact were to be met. My Committee would like to point out that the Government of India and the Government of Burma could easily arrive at an arrangement whereby non-Indian shipping engaged in the trade emanating or carried from these two countries may be excluded from those waters, just as a similar arrangement was recently arrived at between the New Zealand and the Australian Governments for excluding American ships in the trade between those

two countries. That would be a step in the right direction for achieving the object which the Bill has in view.

My Committee are further of the opinion that it would be easy for the Government of India to enforce measures required for the prevention of unfair competition by cancelling their licence which the ships would be under an obligation to obtain for plying on the coast. My Committee would, therefore, suggest that the main penalty should be the withdrawal of the licences with or without the addition of levying the fine suggested in Clause 3.

My Committee further feel that preventing any ship from entering into any port is likely to lead to complications and cause avoidable hardships. My Committee, therefore, are of the opinion that that portion of the penalty in Clause 3 should be deleted particularly as the withdrawal of the licence in itself mentioned above will fully check and prevent such a ship from carrying on unjust competition on the coast.

As the withdrawal of the licence of the ships as penalty as referred to above will in itself effectively check that ship from continuing unfair competition, the licensing of the tonnage that may be engaged on the coast on the lines referred to above, will in the opinion of my Committee, be quite sufficient and effective to achieve the object which the Bill has in view. My Committee, therefore, do not consider it necessary to go into the merits of the other clauses in the Bill but would like to urge that the Bill should be suitably amended on the lines indicated above so that all the tonnage that can ply in the coastal trade as understood upto now shall be licensed by the Government of India in consonance with their declared policy and the demand in the country for the development of an Indian Mercantile Marine and all the impediments like the rate wars, unfair competition, etc., will be automatically removed from the way of such a development as any ship that practises such methods will forfeit its licence.

APPENDIX 7

Views of the Chairman of the Bombay Port Trust on the Bill to control Coastal Traffic

Letter No. 870 dated 23rd March 1937 from Chamber to Government of Bombay.

The Committee of this Chamber are informed that the Government of Bombay have addressed a letter to the Chairman of the Bombay Port Trust, inviting his personal opinion on the Bill to control the Coastal Traffic in India, introduced in the Council of State recently. As your communication was addressed to the Chairman personally, he has not taken the sense of the Trustees with regard to this Bill, which is a very important measure affecting the interests of this country. It appears that the Government of Bengal and the Government of Burma consulted the Trustees of the Calcutta Port Trust and the Rangoon Port Trust respectively, and not merely the Chairmen in their personal capacity. My Committee will be much obliged if you will be good enough to let them know why a different course was adopted in this Presidency.

Letter No. 7080/3380-B dated 2nd April 1937 from Chief Secretary to the Government of Bombay to Chamber.

With reference to your letter No. 870, dated the 23rd/25th March 1937, I am directed to invite your attention to the letter from the Government of India, Department of Commerce, printed in the preamble to Government Resolution No. 7080, dated the 30th November 1936, a copy of which was forwarded to your Chamber with Mr. Corin's letter No. 7080/12733-B, dated the 30th November 1936. You will observe from the Government of India's letter that they asked the Government of Bombay for their opinion on the provisions of the Bill to control the Coastal Traffic of India and also for the opinions of Chambers of Commerce and Shipping Companies and of such *selected officers and other persons* as the Governor in Council

might think fit to consult on the subject. Accordingly, among others, the Principal Officer, Mercantile Marine Department, Bombay District, the Chairman, Bombay Port Trust, the Chamber of Commerce, Bombay, the Indian Merchants' Chamber, Bombay, and the Passengers and Traffic Relief Association, Bombay, were requested to communicate their opinions to the Local Government. Further, the Principal Officer, Mercantile Marine Department, was asked to obtain the opinions of the Shipping Companies and other commercial interests concerned. It will thus be seen that all shades of opinion were invited on the proposed measure.

Letter No. 1827 dated 1st July 1937 from Chamber to Government of Bombay.

With reference to your letter No. 7080/3380-B of the 2nd April 1937, you observe that "the Chairman, Bombay Port Trust, the Chamber of Commerce, Bombay, the Indian Merchants' Chamber, Bombay,.....were requested to communicate their opinions to the Local Government." It is not clear whether the personal opinion as such of the Chairman of the Bombay Port Trust was invited or whether his opinion in a representative capacity as Chairman of the Board of the Bombay Port Trust was desired. If the individual opinion was desired, in view of the supreme importance of a measure of this character which has attracted the widest attention of the public in recent years, my Committee will be obliged if you will be good enough to let them know why the opinion of the Chairman alone was invited and not the collective opinion of the Board of Trustees.

My Committee would like to invite your attention in this connection to the letter No. 1011 dated the 13th December 1928 which you were good enough to address to us. It was stated therein

> "I am directed by the Governor in Council to say that Government address such communications to the Secretaries and Chairmen of public and semi-

public bodies in their capacity as representatives of these bodies. When replies are received from those officers, it is presumed that the replies they despatch are given under proper authority."

In view of this categorical statement, my Committee fail to understand why different procedure was adopted in this case. My Committee fear that such expression of opinion by the Chairman of a public body on a measure of such national importance is likely to give a false impression inasmuch as it will always be construed that it is the collective opinion of the body of Trustees, of which he is the Chairman. My Committee have, therefore, to urge upon you in all earnestness that the Government should be pleased to invite the opinion of the body of Trustees especially as the Bill in question is a matter of great importance to India.

Letter No. 7080-II/8395-B dated 10th July 1937 from Chamber to Government of Bombay.

With reference to your letter No. 1827, dated the 1st July 1937, on the subject mentioned above, I am directed to state that in view of the transfer of the control of the Port of Bombay to the Government of India from the 1st April 1937, it is not proposed to pursue the matter further.

Letter No. 2001 dated 22nd July 1937 from Chamber to Government of India, Department of Commerce.

I am directed by my Committee to forward to you the copies of the correspondence exchanged between themselves and the Chief Secretary to the Government of Bombay, Political and Reforms Department, Bombay, beginning with the letter of my Committee, No. 870 of the 23rd March and ending with the reply from the Government of Bombay, No. 7080-II/8395-B of the 10th instant, on the subject of their obtaining the opinion of the Bombay Port Trust in regard to the Bill to control the Coastal Traffic of India.

You will be pleased to observe from the correspondence enclosed that the Government of Bombay in their letter No. 1011 dated the 13th December 1928 gave the Chamber to understand that when the Government addressed such communications to the Secretaries and Chairmen of public and semi-public bodies they addressed them in their capacity as representatives of those bodies and consequently when replies were received from those officers, it was presumed that the replies they despatched were given under proper authority. . My Committee, however, find that the Chairman of the Bombay Port Trust expressed his individual opinion on a recent occasion, when his opinion was invited in regard to the Bill to control the Coastal Traffic of India. My Committee trust that it will be realised that this Bill has evoked nation-wide criticism in this country and you will, therefore, agree with them that in a matter of supreme importance like this it is essential that the collective opinion of the Trust should be invited and not the individual and personal opinion of the Chairman of the Trust, however eminent his position may be. With a view, therefore, to ascertain the real opinion of such important bodies as the Bombay Port Trust, my Committee trust that the Government of India will be pleased to invite the opinion of the Body of Trustees in connection with this Bill and will continue to do so on all similar occasions in the future. My Committee will, therefore, request you to let them know as to what action the Government of India propose to take in this connection not only to fulfil the assurance that was conveyed to the Chamber in the letter from the Government of Bombay referred to above, but also to ascertain the real opinion of the body whom they consult.

Letter No. 20-M.I(9)/37 dated 24th September 1937 *from Government of India to Chamber.*

With reference to your letter No. 2001, dated the 22nd July 1937, on the above subject, I am directed to say that as the Bill to control the Coastal Traffic of India referred to in your letter lapsed on the 26th October 1936

the Government of India do not propose to call for further opinions thereon at this stage. They have, however, noted the views of your Chamber in the matter.

APPENDIX 8

Employment of Dufferin Cadets (Refer Annual Report for 1936—Page 138)

Letter No. 158-*M.II*(3)/36 *dated 7th April* 1937 *from Government of India to Chamber.*

With reference to the correspondence ending with your letter No. 318, dated the 3rd February 1937 (reminder to letter of 17-9-36), on the above subject, I am directed to draw your attention to the following starred questions asked in the Legislative Assembly in September 1936 and March 1937 and the answers and supplementaries thereto:—

(1) No. 186 asked by Mr. S. Satyamurti on the 8th September 1936.

(2) No. 523 asked by Mr. Lalchand Navalrai on the 18th September 1936.

(3) No. 666 asked by Mr. Satyamurti on the 28th September 1936.

(4) and (5) Nos. 513 and 514 asked by Mr. Mathuradas Vissanji on the 6th March 1937.

A copy of these questions and answers is enclosed.

Employment of Dufferin Cadets

*186. **Mr. S. Satyamurti**: Will Government be pleased to state:

(*a*) whether their attention has been drawn to a leading article in the *Amrita Bazar Patrika*, dated the 4th March 1936, entitled "The Dufferin Problem"; and

(*b*) whether they have taken steps to provide the cadets with stable employment ?

The Honourable Sir Muhammad Zafrullah Khan : (*a*) Government have seen the article referred to.

(*b*) The question of the employment of ex-*Dufferin* cadets has been constantly engaing the attention of the Government of India, and they have been taking all practicable steps *to extend the opportunities of employment of these cadets.*

Mr. S. Satyamurti : May I know whether Government will take advantage of every opportunity, when they have got to give contracts for carriage of mails or any other service to be rendered to the State, of insisting as a condition of that contract that these ex-*Dufferin* cadets should be given preference in employment ?

The Honourable Sir Muhammad Zafrullah Khan : That question is already engaging the attention of Government.

Mr. S. Satyamurti: May I know how many people are still unemployed who are trained, and who are capable of being employed ?

The Honourable Sir Muhammad Zafrullah Khan : I believe a reply with regard to the exact number was given during the last Session. I am now speaking without the book, but I think it was either 9 or 11,—probably 9.

Pandit Lakshmi Kanta Maitra: Have they been so far absorbed ?

The Honourable Sir Muhammad Zafrullah Khan: I shall require notice of that question.

Mr. T. S. Avinashilingam Chettiar : May I know whether Government have received any replies from the foreign companies about the employment of these cadets ?

The Honourable Sir Muhammad Zafrullah Khan : No, Sir, the foreign shipping companies are not concerned at all in this matter.

Mr. T. S. Avinashilingam Chettiar : The foreign shipping companies are trading with India and there was a question last year in which the Honourable Member replied that they have written to the foreign shipping companies.

The Honourable Sir Muhammad Zafrullah Khan : I do not think so. For instance, the Japanese companies are participating in the trade between India and Japan, but there would be no justification for asking them to employ a number of ex-*Dufferin* cadets.

Mr. T. S. Avinashilingam Chettiar: May I know whether they have asked any shipping companies to employ these cadets ?

The Honourable Sir Muhammad Zafrullah Khan: Yes, Sir.

Mr. T. S. Avinashilingam Chettiar : What is the reply to that ?

The Honourable Sir Muhammad Zafrullah Khan : The Honourable Member will have to put down a question before I can give him a summary of the replies.

Trained Cadets of the Dufferin

*523. **Bhai Parma Nand** (*on behalf of Mr. Lalchand Navalrai*) : (*a*) Will Government be pleased to state how many cadets have come out trained from the ship *Dufferin* since its start ?

(*b*) How many of them are now employed as officers in the ships plying between India and other countries, or along the coast ?

The Honourable Sir Muhammed Zafrullah Khan : (*a*) Since the establishment of the training Ship *Dufferin* 181 cadets have completed their training and taken their passing out certificates. Of these, 59 cadets have obtained their certificates of competency after completing their sea-training apprenticeships.

(*b*) Of the 59 certificated ex-cadets, 37 have been employed as officers in the Merchant Navy while 13 others have found employment elsewhere.

Mr. T. S. Avinashilingam Chettiar: May I know, in reference to the employment of different cadets, as to how many of them have been employed by foreign companies who are under obligation of contract to the Government of India ?

The Honourable Sir Muhammad Zafrullah Khan: I have already answered that question during the course of the Session and I believe it was by the same Honourable Member.

Mr. T. S. Avinashilingam Chettiar: Last time I asked whether the foreign companies were under any obligation to employ the ex-cadets of the *Dufferin* and the Honourable Member replied that no foreign company was under any obligation to take any cadets.

The Honourable Sir Muhammad Zafrullah Khan: Then I did reply.

Mr. T. S. Avinashilingam Chettiar: But that is not the reply that I wanted.

The Honourable Sir Muhammad Zafrullah Khan: It may not be the reply that the Honourable Member wanted, but that was the reply to the question.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government have written to any foreign companies who are carrying mail contracts about the employment of the ex-cadets of the *Dufferin?*

The Honourable Sir Muhammad Zafrullah Khan: If the Honourable Member will specify any particular cases, I might be able to answer. But as I explained last time, foreign companies are not concerned with this matter at all.

Mr. T. S. Avinashilingam Chettiar: I want to know whether the Honourable Member has written to foreign

companies which have contracts with the Government of India, e.g., P. & O. ?

The Honourable Sir Muhammad Zafrullah Khan: We wrote to the British India Steam Navigation Company, but I was not imagining that the Honourable Member was referring to British India as a foreign company.

Mr. T. S. Avinashilingam Chettiar: I was referring to P. & O. ?

The Honourable Sir Muhammad Zafrullah Khan : No, we have not written to them.

Mr. T. S. Avinashilingam Chettiar: May I know which company carries the mails of the Government of India ?

The Honourable Sir Muhammed Zafrullah Khan: The P. and O. I believe, carries the mails from India to England, but the mails between India and Burma are carried by the B. I.

Mr. T. S. Avinashilingam Chettiar: May I know whether they have written to the P. and O. Company about the employment of ex-cadets as it is a company which carries the mails from India to England ?

The Honourable Sir Muhammad Zafrullah Khan: If I were to give an exact answer, I will have to ask for notice but I believe not.

Pandit Lakshmi Kanta Maitra : Has the B. I. Company employed any *Dufferin* cadets ?

The Honourable Sir Muhammad Zafrullah Khan : I believe they have employed some but I cannot give the exact number off-hand.

Mr. T. S. Avinashilingam Chettiar : Have the B. I. Company refused to employ the *Dufferin* cadets ?

The Honourable Sir Muhammad Zafrullah Khan : No, they have not refused.

Mr. N. V. Gadgil : Will the employment of the *Dufferin* cadets be made a condition for the grant of mail contracts ?

The Honourable Sir Muhammad Zafrullah Khan: That question has recently been considered and Government have come to the conclusion that unless they were to modify considerably the financial conditions of the contract, they could not force these companies to employ a certain number of cadets. But they will try to persuade these companies to offer employment, as far as is reasonable, to ex-cadets.

Mr. N. V. Gadgil: Is it still a process of persuasion ?

The Honourable Sir Muhammad Zafrullah Khan: Yes, by means of the supply of facts and figures and by pointing out that these young men are properly trained for these jobs.

*666. **Mr. S. Satyamurti**: Will Government be pleased to state:

(*a*) whether their attention has been drawn to the leading article in the *Hindu* of the 13th of July 1936, with regard to increasing the employment of ex-*Dufferin* cadets;

(*b*) the number of *Dufferin* cadets who are still unemployed;

(*c*) whether they are aware that all the Indian Chambers of Commerce have complained about the failure of the British Shipping Companies to encourage Indian cadets;

(*d*) whether they propose to evolve some scheme whereby the cadets of the *Dufferin* would be employed by the various shipping companies, in proportion to their tonnage in the coastal trade, and that not a single deserving and trained cadet of the *Dufferin* would remain unemployed;

(*e*) whether they propose to prepare a census of the unemployed cadets; and

(*f*) whether they are prepared, before fresh contracts are entered into with the shipping companies, to get assurances from them that they would take early steps to employ all the cadets ?

The Honourable Sir Muhammad Zafrullah Khan : (*a*) Government have seen the article referred to.

(*b*) The information in the possession of Government shows that at the beginning of August 1936, the number of certificated ex-cadets of the *Dufferin* out of employment was nine. Of these two were discharged by the shipping companies concerned so as to enable them to appear for a superior certificate, and one had left his company's service for reasons not known.

(*c*) Representations from several Indian Chambers of Commerce have been received by Government.

(*d*) I would invite the attention of the Honourable Member to my reply to part (*b*) of his starred question No. 186. I would, however, like to add in this connection that it is obviously impossible for Government to ensure that not a single deserving and trained cadet of the *Dufferin* remains unemployed, as employment must necessarily depend, among other things, on the existence of vacancies in the service of the shipping companies.

(*e*) No.

(*f*) No.

Mr. S. Satyamurti : May I know whether Government are aware that on the 14th of February, the 16th of February and the 26th of February, both in this House and in another place, Government have given specific undertakings that, before the mail contract now held by the British India Steam Navigation Company expires in March 1937, the fullest consideration will be given to the possibilities of providing further occupation for ex-cadets of the *Dufferin* ?

The Honourable Sir Muhammad Zafrullah Khan: I believe the Honourable Member has already put down a question to that effect, I shall try to answer it when it is reached. I think the Honourable Member is now reading out that question.

Mr. S. Satyamurti: I am reading nothing. I am simply asking whether the Government of India are aware that, on three different dates in last February, Government gave specific and categorical undertakings both in this House and in another place, that before the mail contract expires with the British India Steam Navigation Company in 1937, they will undertake to explore the possibility of getting these cadets employed?

The Honourable Sir Muhammad Zafrullah Khan: There is a notice with regard to a similar question which is down on the agenda. But without guaranteeing that the dates given are correct, I may say that Government did promise consideration and they have given full consideration to the question.

Mr. S. Satyamurti: Have the Government come to any conclusion as a result of that consideration? If so, what is that conclusion?

The Honourable Sir Frank Noyce: The whole question of the continuance of the contract with the British India Steam Navigation Company is under consideration and I may say that that aspect of it to which my friend has referred is receiving our most careful consideration.

Mr. S. Satyamurti: May I know whether Government are aware that the total amount paid to the P. & O. for example, for carrying the mail during the quinquennium ending 1931, was Rs. 2,75,00,000?

The Honourable Sir Muhammad Zafrullah Khan: I am not so aware.

Mr. N. M. Joshi: May I ask the Honourable Member what he exactly meant when he said that two of the cadets were discharged for higher studies? Did they go to

some other place for higher studies or could they not be employed further on the ships of these Companies?

The Honourable Sir Muhammad Zafrullah Khan: I would require notice of that question. My impression is that it was at their request that they were given these facilities.

*513. **Mr. Mathuradas Vissanji:** (*a*) Will Government be pleased to state if they have received any representations from the Governing Body of the Training Ship *Dufferin*, expressing their anxiety as to the uncertainty of future employment for the ex-*Dufferin* cadets as officers in the mercantile marine and requesting the Government of India to exercise their influence with the shipping companies, carrying on trade on the coasts of India, to recruit officers from the ex-*Dufferin* cadets, at any rate proportionately to their tonnage employed in that trade?

(*b*) If the answer to part (*a*) be in the affirmative, will Government be pleased to state what action they have taken or propose to take, to use their influence in securing employment for ex-*Dufferin* cadets on the steamers of the shipping companies, at any rate plying in the coastal trade in adequate numbers or at least in proportion to the tonnage of the steamers of those companies employed in the coastal trade?

The Honourable Sir Muhammad Zafrullah Khan: (*a*) Yes.

(*b*) Government addressed the leading shipping companies last year on the general question of the employment of ex-*Dufferin* cadets and have also been in constant correspondence with them about individual cases.

Mr. S. Satyamurti: To how many of them have they addressed these letters?

The Honourable Sir Muhammad Zufrullah Khan: I believe I gave an answer in detail in the previous Budget Session.

Mr. S. Satyamurti: Have they all replied ?

The Honourable Sir Muhammad Zafrullah Khan: Yes.

Lieut.-Colonel Sir Henry Gidney: Is it a fact, Sir, that the P. & O. is the only company that refuses to employ as officers the ex-cadets of the *Dufferin* ?

The Honourable Sir Muhammud Zafrullah Khan: The only company out of whom ?

Lieut.-Colonel Sir Henry Gidney: The only one of British passenger shipping companies who comes to India.

The Honourable Sir Muhammad Zafrullah Khan: No, there are several others.

Mr. T. S. Avinashilingam Chettiar: What is the nature of the replies that Government have received ?

Mr. President (The Honourable Sir Abdur Rahim): If the Honourable Member will look up the proceedings, he will find it.

Mr. T. S. Avinashilingam Chettiar: The Honourable Member did not say what kind of replies he has received.

Employment of ex-Dufferin Cadets on Steamers of Shipping Companies

*514. **Mr. Mathuradas Vissanji**: (*a*) Will Government be pleased to state if it is a fact that as a result of the representations made by the Governing Body of the Training Ship *Dufferin* in regard to the uncertainty of employment of ex-*Dufferin* cadets as officers they issued a circular letter to certain shipping companies on the subject of the employment of these cadets as officers on their ships ?

(*b*) If the answer to part (*a*) be in the affirmative will Government be pleased to state whether they have received any replies from those companies and, if so, will they be pleased to lay the same on the table ?

(*c*) If the answer to part (*a*) be in the affirmative, will Government be pleased to state whether such a circular letter was addressed to the P. & O. Company?

(*d*) If the answer to part (*c*) be in the negative, will Government be pleased to state why they have not done so?

The Honourable Sir Muhammad Zafrullah Khan: (*a*) Yes.

(*b*) I would refer the Honourable Member to my reply to Mr. Chettiar's supplementary question asked in connection with his starred question No. 1161 on the 12th March 1936.

(*c*) No.

(*d*) I would invite the attention of the Honourable Member to the reply just given by me to part (*b*) of his question No. 512.

Mr. S. Satyamurti: I do not see any reason in the answer. I am asking about clause (*d*) of the question?

The Honourable Sir Muhammad Zafrullah Khan: The circular letter, I believe, was not addressed to the P. & O. but there has been previous corrrespondence with the company.

Mr. S. Satyamurti: I want to know why the circular letter was not adddressed to the P. & O. Company?

The Honourable Sir Muhammad Zafrullah Khan: The circular letter was addressed to all the companies that carry coastal shipping.

Pandit Lakshmi Kanta Maitra: Are the companies which carry mails subsidised by the Government?

Mr. S. Satyamurti: What is the answer to clause (*b*) of the question, Sir?

The Honourable Sir Muhammad Zafrullah Khan: I said I had already replied to that question in detail in answer to question No. 1164 on the 12th March, 1936.

Mr. S. Satyamurti: I am talking of the latter part of the question.

The Honourable Sir Muhammad Zafrullah Khan: That was also answered on that occasion.

Mr. S. Satyamurti: Are the replies placed on the table now?

The Honourable Sir Muhammad Zafrullah Khan: No.

Letter No. 1158 dated 21st April 1937 from Chamber to Government of India.

I am directed by my Committee to acknowledge the receipt of your letter No. 158-M.II(3)/36, dated the 7th April 1937, together with enclosures mentioned therein on the above subject.

2. My Committee regret to remark that not only has no answer been given to some of the very important points raised in their communication No. 2404 of the 17th September 1936, but a careful study of the questions and answers given in the Legislative Assembly make them seriously apprehensive as regards the ex-*Dufferin* cadets securing employment as officers on ships at sea in the future.

3. While the Commerce Member has stated in reply to question No. 186 that "they have been taking all the practicable steps to extend the opportunities of employment of these cadets", my Committee find that in actual practice not only is the scope of employment further narrowed down by the Government of India exercising their influence only with the shipping companies trading on the coasts of India, but that little scope also is further restricted by the new condition "that engagement of apprentices and the employment of officers in after-life is, however, dependent on many factors such as conditions of trade, number of vacancies and the rules and regulations of each individual company." My Committee would like to add that the words "rules and regulations of each

individual company" are very significant and would imply in actual practice restriction against employment on a much larger scale than what would be ordinarily understood from the words in question.

4. As pointed out in the communication referred to above, Lord Irwin in his speech to the Associated Chambers appealed to the British shipping interests to co-operate in making the Training Ship a success by giving the cadets a fair opportunity of securing employment on their ships and the Commerce Member in the Legislative Assemby gave the assurance "that the training in the Steamship *Dufferin* would not have been provided unless the Government have been satisfied that these Companies were going to afford scope for employment to the *Dufferin* cadets". The Government of India seem to be going back upon their promises and assurances in this connection and the most scandalous illustration in support of the apprehension my Committee have been feeling in this matter, is that not only have they refused to address their letter to the P. & O. Company, which have been enjoying the largest patronage from the Government and the people of this country, but they seem to be determined to continue such patronage, as the benefit of Lee Concessions, etc. to them despite the fact that they have refused to employ the ex-*Dufferin* cadets as officers on their ships. Such hostile attitude of British shipping interests and the helplessness of the Government of India to persuade them to change it, is really unfortunate for the future success of the Training Ship.

5. Another important point which was referred to in our communication about which definite assurances were given on the floor of the House was the desirability of attaching condition as regards the training and employment of Indians as apprentices and officers on board the steamers of the Companies which were getting annual subsidies for the carriage of mails. The Government actually promised that the matter would receive their most favourable consideration.

What did the questions and answers really reveal? On the 8th September 1936, the Commerce Member stated "that question is engaging the attention of the Government". On the 18th September 1936, the Commerce Member remarked "that question has recently been considered and Government have come to the conclusion that unless they were to modify considerably the financial conditions of the contract they could not force these companies to employ a certain number of cadets. But they will persuade these companies to offer employment as far as reasonable to ex-*Dufferin* cadets". Again on the 28th September 1936, the Commerce Member definitely stated that "Government of India were not prepared while entering into fresh contracts with shipping companies to get assurances from them that they would take early steps to employ the cadets of the Training Ship *Dufferin*". Again on the same day Sir Frank Noyce remarked that "the question was receiving their most careful consideration". This is how, my Committee are constrained to remark, the Government are tinkering with the problem. If the Government are really serious in their endeavours to attach the conditions regarding the employment of ex-*Dufferin* cadets as referred to above in connection with the contracts for the carriage of mails, such arguments as the modification of the financial conditions of the contract etc. would not be drawn out as red herring across the path. My Committee have already drawn the attention of the Government of India in their communication dated the 17th September last to the more stringent conditions than those contemplated in the above proposal having been imposed in other parts of the Empire.

6. In view of growing anxiety on this subject even on the part of the Governing Body of the Training Ship *Dufferin* itself and having regard to the large contraction in the number of cadets competing for admission into the Training Ship *Dufferin* my Committee feel constrained to urge once again that unless the Government of India determine to take immediate and effective steps to secure proper chances of employment for ex-*Dufferin* cadets as officers in

the future and redeem their assurances and promises which have been inducing Indian parents to send their children to the Ship in pursuit of a new cereer, the object with which the Training Ship has been established in Indian waters will not be achieved and if things are allowed to drift, my Committee have serious apprehensions as regards the building up of an Indian personnel for the service at sea. My Committee venture to express the hope that Government will be pleased to reconsider their policy in connection with this important matter.

APPENDIX 9

Transport of Safety Matches packed in Ocean-Paper

Letter No. 2677 dated 29th September 1937 from Chamber to Government of India, Commerce Department.

It has been brought to the notice of the Committee of this Chamber that Safety matches are allowed to be carried as under-deck cargo by steamers provided they are packed in cases. It is now suggested that these matches should be allowed to be carried if packed in ocean-papers also. My Committee will be obliged if Government will be pleased to let them know if they have received such a suggestion and if, in their opinion, there is any objection to this suggestion being adopted. My Committee are further informed that the Railway Companies are allowing the carriage of safety matches if packed in ocean-paper.

Letter No. 24-M.I(7)/37 dated 22nd November 1937 from Government of India to Chamber.

With reference to your letter No. 2677, dated the 29th September 1937, on the above subject, I am directed to say that the Government of India regret that they cannot accept the suggestion that safety matches packed in ocean-

paper should be allowed to be carried on ships. I am to add that they have not hithterto received any suggestion to this effect.

Letter No. 3316 *dated* 1st *December* 1937 *from Chamber to Government.*

I am directed to acknowledge receipt of your letter dated the 22nd November 1937, No. 24-M.I(7)/37, on the above subject and to enquire of Government the reasons for not accepting the suggestions of my Committee that safety matches packed in ocean-paper should be allowed to be carried on ships as under-deck cargo. In this connection, it is pertinent to point out that early this year the railways have introduced a change in the general packing regulations for the carriage of safety matches and are now allowing such matches to be packed in water-proof (double ocean) paper. In view of this, it would be interesting to know as to why Government should not allow a similar change in the condition for carriage of such matches by sea.

My Committee would also like to be informed if similar packing conditions are prescribed in respect of the carriage of other inflammable articles on ships.

Letter No. 24-*M.I.*(7)/37 *dated* 17*th January* 1938 *from Government to Chamber.*

With reference to your letter No. 3316, dated the 1st December 1937, on the above subject, I am directed to say that the Government of India have not accepted your suggestion that safety matches packed in ocean-paper should be allowed to be carried as under-deck cargo in ships because they have been advised that this method of packing is still under trial on the railways where it has not been an uniform success. I am further to add that the conditions of handling on ships differ materially from those on railways and a method of packing that is permissible in the case of the latter may not be sufficiently safe in the case of the former.

2. As regards paragraph 2 of your letter, I am to say that, so far as Government are aware, a similar method of packing is not allowed in the case of other inflammable articles carried by ships. Your attention in this connection is invited to the Report of the Departmental Committee appointed by the Board of Trade to consider the existing Board of Trade Memorandum on the carriage of Dangerous Goods and Explosives in ships, which prescribes the conditions under which inflammable goods can be carried by ships. A copy of the abovementioned publication, which is priced, can be obtained from His Majesty's Stationery Office, London.

APPENDIX 10

Certificate of Weighment and Measurement for Cargo to Suez Ports

Letter No. 2098 *dated* 30*th July* 1937 *from Chamber to Steamship Companies.*

The attention of the Committee of this Chamber has been drawn to letters you have sent to some of the shippers, dated 15th July 1937, to the effect that you have received advice from the Chamber of Commerce, Bombay, that they are making arrangements to weigh and measure all cargo tendered for shipment to Aden, Suez, Port Said and Alexandria as from 1st August 1937. You have also informed that as from that date freight will be charged on weight cargo as per Chamber's weighment slip and that they will in the meantime levy a charge of one anna per package irrespective of whether it will be necessary to weigh a percentage only or the whole consignment.

My Committee cannot understand why any occasion has arisen for the levy of this charge by the Bombay Chamber of Commerce, nor why all the cargoes tendered for shipment to Aden, Suez, Port Said and Alexandria should

be weighed and measured in the manner and method mentioned above. Members of this Chamber, who are shippers by your lines, are considering this new measure not only as a source of harassment and annoyance but also as a tax on Exports of this country which in these days of keen competition from other countries some of whom are even helped by their Governments should certainly affect the interests of this country and its trade adversely, and cannot agree with the extra payment demanded from them as charges to be paid to the Chamber of Commerce. It must also be borne in mind as many shippers have already intimated to you that there are two Chambers of Commerce in Bombay: viz. the Indian Merchants' Chamber and the Chamber of Commerce, Bombay, and there does not appear to be any reason why all this weighment and measurement should be done by the Bombay Chamber of Commerce only and why the payment also should be made to that Chamber.

Letter No. 1219 *dated* 13*th August* 1937 *from the British India Steam Navigation Co., Ltd., to Chamber.*

With reference to your letter No. 2098 of the 30th ultimo which you have sent to overselves and other Steamship Agents, we are asked by them to advise you that the weighment of cargo tendered for shipment to Aden, Port Said, Suez and Alexandria has been found necessary to avoid disputes and to ensure that freight is charged on actual weight of the goods at the time of shipment. It has been found that certain shippers have been under-declaring the weight of their cargo and thus obtaining an unfair advantage over their competitors. The new arrangement will protect the interests of all interested parties.

We would explain that the reason for asking the Bombay Chamber of Commerce to weigh the cargo is that they are already recognised as official measurers and it is a matter of expediency to have one department doing both measuring and weighing.

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APPENDIX 11

Diversion of the Rice Trade and Port Charges

Letter No. 2973 dated 28th October 1937 from Chamber to the Trustees representing the Chamber on the Port Trust.

The Bombay Rice Merchants' Association have submitted to the Bombay Port Trust a representation on the above subject, a copy of which has been sent to the Committee of the Chamber. The representation *inter alia* contains the submission (as per copy enclosed) in regard to the extension of the period of free days for clearing cargoes and the reduction of extra wharfage charges for delayed clearing.

The Committee of the Chamber considered the above suggestions at their last meeting and decided to request their representatives on the Port Trust to support the same. I am accordingly directed to request you to kindly do the needful when the matter comes up for discussion before the Port Trust Board.

Submission of the Bombay Rice Merchants' Association contained in their representation to the Bombay Port Trust, dated 21st October, 1937, regarding diversion of Rice Trade from Bombay.

"....My Association would, in this connection, beg to point out the lack and dearness of facilities at the docks that hamper direct despatch under the present Port Trust Rules. These rules allow only five free days to the importers to clear their cargoes. After the expiration of the said free period extra fees are levied for every additional two days including Sundays and Holidays to the extent of ½ the original wharfage fee. The free period is, obviously, too short for direct despatch of goods from the docks on the scale commensurate to the needs of such an extensive trade as rice and the charges for extra fee are prohibitive. Prior to the year 1914, free period used to be seven days and time limit for every extra fee was three

days exclusive of Holidays and the amount leviable by way of extra fee was ½ of the wharfage fee. It was under the abnormal war conditions when the dock sheds were unduly congested that the Trust had to adopt measures of curtailment of these facilities to expedite clearance of goods from the dock transit sheds. The situation has now radically changed and there is now no necessity to enforce unnecessarily speedy clearance of cargo that is hampering the trade, when space in the dock sheds has perforce to remain unutilised to considerable degree. Therefore, the case for renewal of old facilities for clearance of goods from the docks becomes all the more imperative in view of the serious situation with which the trade is faced owing to ruthless and unfair competition of rival ports enjoying wide facilities.

"My Association, therefore, humbly submits and requests the Trustees the renewal of the following old concessions and/or facilities which in its opinion would meet the distressed situation of the trade:—

(*a*) That the free period for clearance of rice cargo from the dock transit sheds should be on the same line as in the old days, i. e. pre-war time, which accounting for deliveries gave the rice trade seven days from the last landing date.

(*b*) That after the expiration of the free period first extra fee gave the trade the benefit of three days excluding close days and Sundays, therefore current computation of extra fee be reverted to old system.

(*c*) That extra fee be charged on the same old line, i. e. ½ of wharfage fee instead of ¼ wharfage fee as at present.

Thanks to the enterprise of the traders added with the co-operation and support of the Trust and the Railways, Bombay has so far maintained its position as a chief distributing centre of rice, but once that position is assailed and weakened, the decline that sets in would at once be steep and sudden. It is, therefore, in the interests of the

Trust and trade to check that decline in good time. My Committee, therefore, hope and trust that the Trustees would be pleased to give to the above suggestions that sympathetic and favourable consideration and extend such help to the traders which the situation of their trade urgently demands."

APPENDIX 12

Revision of the Port Trust Docks Wharfage Schedules

Letter No. 1056 *dated 24th April* 1937 *from the Secretary, Bombay Port Trust to Chamber.*

I am directed to say that in October last the Trustees appointed a Departmental Committee to report on the question of revising the Docks Wharfage Schedules by extending Section II of the Docks Scale of Rates—West Coast Warfage Schedule—to all Indian Ports, of converting the package rates in Section I to a tonnage basis and revising the transhipment and overside scales of charges. The report on completion was referred by the Trustees to a Special Committee and I am to forward herewith 10 copies of the draft revised Wharfage Schedules as approved by this Committee and to say that before passing orders on the proposals the Trustees would be glad to be favoured with your Chamber's opinion on them.

The proposed new scales have been fixed after taking the following factors into account:—

(*a*) The economic cost of handling the goods.

(*b*) The existing wharfage rates.

(*c*) The capacity of the commodity to bear the charge.

(*d*) Development of indigenous industries.

(*e*) Port and rail competition.

The net estimated financial effect of the new Schedules applied to the traffic of the year 1935-36 is a decrease in revenue of Rs. 68,000.

The existing Coastal Schedule, Section II of the Docks Scale, is applicable only to Ports on the west coast of India lying between and inclusive of Mangalore in the south and Karachi in the north. The proposed Coastwise Schedule extends to All-India (including Burma) and, with few exceptions, bears a fixed ratio to the "foreign" rates of two-thirds.

The question of providing separate Schedules for imports and exports has received careful consideration but it was decided that the advantages of adhering to past practice of a uniform scale for both out-weigh any disadvantages. The Special Committee have, however, recommended that the Chairman should be authorised subject to confirmation by the Board, to grant by executive order a rebate not exceeding 20 per cent under the provisions of Section 43-B (2) of the Bombay Port Trust Act, if such action is found necessary to prevent diversion.

The following are the principal features of the Revised Schedules, other than those already mentioned :—

(*a*) Classification of goods under main and sub-heads has been discarded and the Schedule considerably amplified to show the rates against each item so that it will serve as the Schedule Proper. This will simplify rating and eliminate misunderstandings in regard to classification, to which the existing Schedules frequently give rise.

(*b*) Charges per package have been generally substituted by charges per ton. The means employed in arriving at the tonnage rate have been test weighments and reference to invoices and to the Trade to ascertain the average number of packages going to a ton.

(*c*) The 'ad valorem' basis has been retained and applied to a few extra items to which the 'weight' or 'package' basis has been found unsuitable.

(*d*) Following the almost universal practice, wharfage will be levied on gross instead of net weight.

Transhipment and overside charges will continue to be levied in accordance with Section VII of the Docks Scale of Rates, but extension of the coastal rates to All India and Burma and the abolition of 'apackage' rates will automatically result in lower charges.

I am to request that your Chamber's opinion on the Revised Wharfage Schedules may please be communicated to me as soon as possible and in any case *not later than* 31*st May* 1937.

It is proposed to undertake a similar revision of the Bunders Scale of Rates after the Trustees have passed orders on the present proposals in regard to the Docks Scale.

Letter No. 1461 *dated* 20*th May* 1937 *from Chamber to Port Trust.*

I am directed to refer to your letter No. 1056 of the 24th April on the above subject and in reply to say that my Committee are in general agreement with the principal features of the draft revised schedules viz., classification of the goods under each item and the substitution of the per ton basis for the per baggage basis. On going through the list, they, however, find that the revised rates proposed on some of the items show an increase on the present rates. In regard to copra, it is proposed to increase the rate from Rs. 1-12 to Rs. 2 per ton. My Committee are informed that substantial quantities are imported into Bombay and an increase will affect the interests of such importers. As imported copra is mostly used for purposes of crushing it would also have adverse effects on the oil crushing industry in the Presidency.

My Committee, therefore, wish to recommend that this increase should be done away with and that copra should be charged on the existing basis of Rs. 1-12 per ton.

In regard to bullion, gold and silver, also my Committee note that it is proposed to increase the rate from Rs. 1-2 to Rs. 2 per package. My Committee consider that this is a high percentage of increase and will be obliged if they can be informed of the reasons for such an increase.

Letter No. 1545 *dated 8th June* 1937 *from Port Trust to Chamber.*

I am directed to acknowledge receipt of your letter No. 1461 dated 20th May 1937 and note that your Committee are in general agreement with the principal features of the draft revised wharfage schedules.

With regard to your Committee's apprehension as to the probable adverse effect of the proposed wharfage rates for copra, I am to state that the benefit accruing to the Trade from the extension of Section II to embrace All India and Burma will largely neutralise the financial effect of the proposed increase in the wharfage rate of 4 annas per ton under Section I as shown below :—

Copra : The rates per ton compare as follows :

	Present rate.	*Proposed rate.*
Copra (Sec. I)	Rs. 1 12 0	Rs. 2 0 0
Copra (Sec. II—All India & Burma)	Rs. 1 11 0	Rs. 1 5 4

The statistics for 1935/36 show that 29,543 tons were imported from ports outside India and Burma and this quantity would accordingly have been charged an additional four annas per ton wharfage—viz., Rs. 7,385-12-0 plus Rs. 615/8 surtax or say Rs. 8,000 per annum more. Against this increase it will be seen that the proposals contemplate extension of the coastal schedule to All India and Burma

and accordingly traffic amounting to 16,000 tons between Indian ports and Bombay would have benefited as follows:—

Tons 15,300 from Indian Ports outside the West Coast Zone :

Present rate	Rs. 1 12 0 per ton		
Proposed rate Rs. 2 less			
33 ⅓%	Rs. 1 5 4 ,,		
Reduction	Rs. 0 6 8 ,,	Rs. 6376	
Add 8 ⅓% surtax		Rs. 531	Rs.6907

Tons 700 ex West Coast Zone :

Present rate	Rs. 1 11 0 per ton		
Proposed rate	Rs. 1 5 4 ,,		
Reduction	Rs. 0 5 8	Rs. 233	
Surtax		Rs. 20	
			Rs. 253
Total reduction			Rs. 7160
Against estimated increase under Sec. I			Rs. 8001
	Increase		Rs. 841

I am to express the hope that your Committee will agree that a small difference of less than a thousand rupees is not likely to affect adversely the interests of importers or have any material effect on the oil crushing industry of this Presidency.

Bullion : With regard to bullion, gold and silver, the Trustees ordinarily render no labour services (*vide* Docks By-law No. 92) and the rate of wharfage has been fixed

purely as a revenue producing measure without any relation to the general facilities provided. Since the price of precious metals has greatly increased in recent years, the commodity is quite capable of bearing the additional charge without shipments being adversely affected.

Letter No. 2187 dated 3rd August from Port Trust to Chamber.

With reference to your letter No. 1461 dated 20th May 1937 and in continuation of this office letter No. 1545 dated 8th June 1937 I am directed to say that the views expressed by your Committee on the draft Revised Docks Wharfage Schedules were placed before the Board.

In regard to copra, the Board decided that the proposed rate of Rs. 2 per ton under the Foreign Schedule should stand but that if after the new rate had been in operation, it was found to affect adversely the interests of importers or the oil crushing industry, the case should be dealt under the powers proposed to be reserved to the Chairman to grant rebates of rates upto 20 per cent in special cases, subject to the Board's confirmation.

In regard to bullion, gold and silver etc., the Board directed that the proposed rate of Rs. 2 per package should be applied to Gold Bullion and Specie only while, in the case of silver bullion, bars, coins and ingots a reduced rate of Rs. 1-12 per package was approved.

The Board also considered fully the case for reducing the existing wharfage rate on "oilcakes" (your letter No. 1610 dated 4th June 1937) and while they agreed that the rate was relatively high as compared with that for "seeds" they decided this was an anomaly which should be rectified in future along with groundnuts, rice, etc. when financial conditions admitted of this being done.

Subject to these and certain other minor modifications, the Board have approved the Revised Schedules being put into force with effect from 1st January 1938, subject to the sanction of the Central Government.

APPENDIX 13

Docks Wharfage Charges on Oil Cakes

Letter No. 1610 dated 4th June 1937 from Chamber to the Secretary, Bombay Port Trust.

In the scale of rates charged at the Docks framed under Sections 43, 43A and 43B of the Port Trust Act, oilcakes are under item No. 51 charged at Rs. 1-14-0 per ton plus surtax. There is, however, a separate item No. 27A for cattlefood, which is again divided into three sub-divisions. It has been represented to my Committee that as oilcakes are generally exported from this country mainly for use as cattlefood, the same should, for purposes of Dock charges, be classed under item 27A. My Committee have examined this suggestion and find there is considerable force in the argument advanced in support of the same. The oilcakes are exported as cattlefood and these exports are governed by the regulations of the various Cattlefood Trade Associations like the London Cattlefood Trade Association, the Hamburg Cattlefood Trade Association, etc. The price they fetch is also in relation to its use as cattlefood. Being thus mainly used as cattlefood and being governed by regulations of Trade Associations concerned for such food, it stands to reason that oilcakes should be charged for purposes of charging Dock rates also as cattlefood. After all, such rates should be primarily fixed on the capacity of the commodity in question to bear the same, which is the acknowledged rating principle of charging what the traffic would bear.

While a separate classification for oilcakes is provided for in the Schedule, it may not be possible for the Port Trust to charge the same as cattlefood. In order to meet this difficulty, my Committee would suggest that in connection with the proposals now under consideration for the revision of Docks Wharfage Schedules, this question may be considered and the necessary changes be made in the Schedule so as to permit oilcakes being included under the item for cattlefood for purposes of wharfage charges.

Letter No. 1865 *dated 7th July* 1937 *from Port Trust to Chamber.*

In reply to your letter No. 1610 dated 4th June 1937, I am directed to state that oilcakes besides being exported for use as "Cattlefood" are extensively used as "Manures and Fertilisers", the wharfage rate for which is Rs. 1-14-0 per ton, *vide* item 44. This rate compares favourably with the rate of Rs. 2-4-0 per ton levied at Karachi.

The economic handling cost per ton of Exports at Bombay works out at Rs. 1-8-2 so that it will be appreciated that the wharfage rate of Rs. 1-3-0 for "cattlefood", *vide* item 27A, is on the low side but the traffic to overseas destinations amounts to about 750 tons only annually. In the proposals for revision of the wharfage rates now under consideration enhancement of the rate to Rs. 1-6-0 per ton is contemplated.

The traffic in oilcakes during 1936-37 aggregated 135,475 tons and acquiescence with your proposal would involve a loss of revenue of about Rs. 63,000 per annum, exclusive of surtax—a reduction which would have to be made up by increases in other rates to bring them to closer parity with the economic rate, e.g. rice and seeds; nor could it be justified having regard to the economic handling cost per ton on the principle which you adumbrate of the capacity of the commodity to bear the charge. The relative values of "oilcakes" and "cattlefood" of sorts taken from the Customs Seaborne Trade returns works out at Rs. 68 and Rs. 34 per ton respectively.

In conclusion I am to add that the proposed revision of wharfage rates now come under consideration is estimated to involve a decrease of about Rs. 1,00,000 per annum in revenue and as the Trustees desire to disturb the present rates on particular commodities as little as possible, the Chairman regrets he is unable to recommend your proposal favourably to the Board.

APPENDIX 14

Interview with the Railway Commissioners

Speech of Mr. Govindlal Shivlal; President, at the interview with Chief Commissioner of Railways and Financial Commissioner of Railways on Monday, 2nd August, 1937.

Sir Guthrie Russell and Mr. Staig,

Let me, on behalf of the Committee of the Chamber, accord you a hearty welcome. Such interviews serve a useful purpose in that they give each party opportunities for understanding the viewpoints of the other more clearly.

Revision of the Indian Railways Act

In the year 1929, the Railway Board, through the Railway Rates Advisory Committee, invited suggestions from commercial bodies with regard to the revision of the Indian Railways Act. Subequently, Sir B. N. Sharma, the then President of the Railway Rates Advisory Committee, interviewed commercial bodies and discussed with them those suggestions. Nothing has been heard afterwards of the proposal to amend the Act. My Committee would like to know whether the suggestions then made are before Government, and, if so, when they propose to take in hand the question of the revision of the Act. At that time questions connected with administration and the services were specifically excluded from the scope of the suggestions for amendments. It is necessary that before the creation of the Federal Railway Authority the work of amending the Act should be taken in hand. Having regard to the fact that the views of the commercial community on this question were communicated to Government as far back as 1930, a further opportunity should be given to them to make fresh suggestions. My Committee suggest that Government should now bring forward a draft Bill based on the earlier suggestions and circulate the same for commercial opinion.

Legislation regarding Statutory Railway Authority

Reports have appeared in the press that the Government of India intend to undertake the necessary legislation in connection with the Federal Railway Authority. My Committee would like to be informed of the proposals of Government in this regard. The constitution of the Authority, my Committee believe, is contingent upon the political Federation and they hope that it is not the intention of Government to create the Authority even before the Federation comes into being. The general framework of the Authority and its functions and powers are already determined in the provisions of the Government of India Act, 1935, and it would be interesting to have information as to the scope of the legislation that is now considered necessary to further this scheme.

My Committee have seen reports that it is intended to make Calcutta the Headquarters of the Authority. If so, we urge upon Government the claims of Bombay in this regard. Having regard to the commercial and industrial importance of Bombay, it is in the fitness of things that the Headquarters of the largest transport organisation of the country should be located here.

Liabilities to the Depreciation Fund and General Revenues

At the end of 1936/37, the total liabilities of the Railways to the Depreciation Fund and in respect of unpaid contributions to the General Revenues amounted to over Rs. 62 crores. At the time of the last Railway Budget, Government announced their intention of writing off both these liabilities to enable the Railways to start the new year with a clean slate. My Committee expressed surprise at such a proposal and protested against the same. In ordinary commercial undertakings, such an attempt will amount to an act of injudicious and unhappy transaction. Apart from the theoretical objection, with the load of over Rs. 60 crores removed by a stroke of the pen, the urge and the need for radical reform in railway finances

would be removed and lacking. Government, however, announced their intention of moving a resolution in the Legislative Assembly permitting such a writing off. It is hoped that it is still the intention of Government to move such a resolution at the Simla Session and, pending the decision of the Legislature on this issue, no action will be taken by Government, in the direction of writing away these obligations. My Committee take this opportunity of conveying to Government their considered view that these obligations should not be written off and that ways and means should be found to make it possible for the Railways to discharge the same.

Revision of the terms of the Separation Convention

The resolution of the Legislative Assembly, dated 20th September 1924, popularly known as the Separation Convention, fixed the basis of the contributions to be made from Railways towards the general finances of the country. In view of the fact that the Railways have not, from the years 1931-32 to 1936-37, been able to make good these contributions, my Committee would like to know if Government have considered necessary a revision of the terms of the Convention. Section 186 (3) of the Government of India Act also contemplates the formulation of a scheme for the apportionment between general revenues and the Railway Authority of surpluses on revenue account of the Railways. My Committee may be informed if Government have given any thought to the basis of such apportionment, and if so, they would like to be furnished with the details of the same. They would, however, like to observe that the financial working of the new constitution is, to a certain extent, dependent on the capacity of the Railway to make a liberal contribution towards the general revenues of the country, particularly in the initial stages. It is, therefore, necessary that in considering the basis of such apportionment, the present and immediate financial difficulties of the Railways should not outweigh the much broader issue of the financial requirements of the Federal and Provincial Governments. My Committee hope that this aspect will be fully borne

in mind by the authorities and that the new basis will be fixed up after consultation with commercial Associations, and the Legislature.

Capital Programme

The attention of my Committee has been drawn to the programme of capital expenditure decided upon by the Standing Finance Committee for Railways at their meeting held at Calcutta in June last. A sum of over Rs. 4 crores is to be spent on new rolling stock. It is true that intimation about this expenditure was given at the time of the last Railway Budget, but having regard to the very outspoken criticisms of the Wedgwood Committee on capital expenditure, it is surprising that the Authorities should have decided upon this item of expenditure. Much of the evil, from which Railway finance is at present suffering, can be traced to the burden left by ill-thought-out schemes of capital expenditure. In the words of the Wedgwood Committee, such expenditure "has been incurred on too lavish a scale in the past". The Indian commercial community have been drawing the attention of the Government to this festering sore in the railway economy of the country. In the year 1924/25, the interest charges payable by the Railways amounted to Rs. 23.9 crores and in the year 1936/37, the same went up to nearly Rs. 31 crores. As against this increase in interest charges, the traffic receipts have shown a decline, with the result that the percentage incident of interest charges on the revenues of the Railways has considerably increased. It is, therefore, necessary that Railways should, for sometime to come postpone all thoughts of undertaking new capital expenditure. Particularly in regard to the programme decided upon by the Standing Finance Committee, after the remarks of the Wedgwood Committee Report in para 47 that the "stock of locomotives and of carriages and to a less extent of wagons is in excess of requirements" and that "careful consideration should be given to the proposal for the purchase of new stock", it would be very difficult to convince the public

that the Railways are not embarking upon an avoidable item of expenditure. My Committee are definitely of opinion that this expenditure of 4 crores on rolling stock is not justified and the Government should abandon this programme.

State Management of Railways

The principle of the State taking over the management of the Railways at the expiry of the contracts with the companies concerned, adopted as the policy of the Government of India, after the recommendations of the Acworth Committee, has recently received a setback. When recently Government had the option to do so in respect of B. & N. W., and M. & S.M. Railways, they preferred to extend the contracts with the said companies. At that time there was a volley of protests in the country and the Legislative Assembly also favoured the State acquiring managment of these Railways. The recommendations of the Wedgwood Committee have given occasion for fresh fears that the policy of State Management of Railways will receive further setback in the near future. My Committee are strongly of opinion that it should be definitely decided that the proper policy is for Government to take over the whole of the Railway Administrations when the contracts with the respective companies expire. In view of the prevailing easy money conditions, my Committee do not see any serious difficulty on financial grounds in making arrangements for taking over the Railways. Indian public opinion holds very strong views in this matter and it is hoped that Government will not attempt a reversal of their policy in this regard, thereby frustrating the hopes held in the country of ultimately having all the Railways under State Management.

Outlook of the Railways on Questions concerning the General Welfare of the Country

Suggestions have often been made that a radical change in the policy of the Railways towards recognition

of the true position occupied by them in the economic and social life of India is necessary. There is perhaps no other department in a country of such vast distances like India which has, within its scope, possibilities of rendering service which far transcends in its ultimate reactions on our economic life than the mere facilities for transport of goods and passengers. Railways in modern civilised condition are literally the feeders of our economic life and if this function is to be truly and succesfully fulfilled, the administration of Railways must carry with it the goodwill, not of sections, but of the whole population who constitute their clientele. It has been the grievance of the commercial community that the Railways are not inclined to see things in such a perspective. For instance, recently a request was made to the B. B & C. I. Railway, by a sister body that they should consider the question of facilities for the transport of milch and dry cattle over their railway. The request was based both on humanitarian and on economic grounds. A good number of dry cattle, in the absence of such facilities, are being sold in Bombay and are taken to the slaughterhouse. This request evoked a reply from the Railway Administration to the effect that the Railway had lost revenue by certain experimental reductions and that "it is not the proper function of the railway to assist the livestock or any other industry at the expense of its revenues." Surely, such a statement from a responsible Railway Administration utterly ignores the place of railways in the general economy of the country. My Committee are raising this issue here to discuss the question of principle involved in such a statement. If it is not the function of railways to promote the economic well-being of the country, the railway system forfeits its claim to be considered a public utility service and is not entitled to any consideration or special facility.

Report of the Railway Enquiry (Wedgwood) Committee

My Committee are examining the Report of the Railway Enquiry Committee and expect to send their detailed views to Government shortly. I would, however, on this

occasion, like to make some general remarks. While on technical and administrative issues the Report has made recommendations which may be considered as wholesome and which may receive the general support of the commerical community, they must express their disappointment that on the main issue of the rehabilitation of the Railway finances, the experts have missed the problem. The Railway Enquiry Committee was necessitated primarily by the condition of the Railway finances after the failure of the Railways to make their contributions to the general revenues. The successful working of the new constitution in turn was based on the expectation that the Railways would be able to contribute their share towards the revenues of the country. An Enquiry Committee, which was mainly, if not specifically, designed to suggest ways and means for improving Railway finances, so as to assure the assistance necessary from such finance to the general revenues of the country, cannot be said to have discharged their duty by putting forward a plea on behalf of the Railways to absolve them from that responsibility. The problem has to be faced squarely, and judged from this standpoint, the main recommendations of the Report are disappointing. Then again, on the question of the State Management of Railways, the Enquiry Committee have made recommendations which will not be acceptable to the country. They also have made suggestions in regard to recruitment of services, etc., which would set the hand of the clock backward. Indianisation of the Railway services is a question on which the public have expressed views with emphasis in the past, and any attempt to foist on the country recruits from abroad is bound to be resented all over the country. As I have already observed, my Committee will be sending their detailed views on the recommendations of the Enquiry Committee shortly, and they have now only taken this opportunity of acquainting you, Sirs, at the earliest moment, with their views on the broader issues raised in the Report.

Seasonal Variations in Freight Rates for Rice

The B. B. & C. I. Railway quotes a reduced rate from April to June for the carriage of rice. To take a concrete

instance, during this period this year, the freight per maund of rice from Bombay to Baroda was Rs. 0-5-11, while for the same weight rate quoted with effect from 9th June is at the increased rate of Rs. 0-8-1 per maund. Obviously, the reduced rate in the first case was quoted with a view to meet the competition from country crafts and when owing to monsoon this competition is absent, the Railway has reverted to the higher rate. My Committee are of opinion that such variations in the rates are unfair to the trade. The Railway should all along quote a uniform rate and should not take advantage of the absence of competition at a particular period to raise the same at a convenient moment. The reduction once made to attract traffic to the Railway should be continued throughout the year, and such a policy will earn for the Railway the confidence of the trade and consequently tend to a larger concentration of the traffic in the hands of the Railway. My Committee have taken up this matter with the B. B. & C. I. Railway, but have thought it fit to raise here the principle involved in such variation in rates.

The Railway Commissioners in their reply observed as under:—

Revision of the Indian Railways Act. The Commissioners stated that certain amendments of the Indian Railways Act had become necessary to make this conform with the Government of India Act, 1935. These amendments had been carried out by Order-in-Council. They also stated that there were two further amendments which it was proposed to introduce in the Central Legislature at an early date, viz. an amendment in regard to ticketless travel and a further amendment giving the Government of India statutory powers to fix the maximum and minimum rates of fares. They said that they did not think that there would be a general revision of the Act until the Federal Railway Authority had time to consider this and that the Commercial bodies might take it that they will be given opportunities for conveying their views on any amendments which might be introduced.

Legislation regarding Statutory Railway Authority. The Commissioners stated that it was originally intended to constitute a Federal Railway Authority by an Act in the Indian Legislature, but it had not been possible to do this and the Federal Railway Authority had been constituted under the Government of India Act, 1935. As regards further legislation, the Central Legislature could make amendments to the Schedule under the Act, but it was not possible to introduce further legislation until the Federal Government came into existence. A question was raised regarding the future headquarters of the Federal Railway Authority. The Chief Commissioner promised that before a final decision was arrived at, the views of the Indian Merchants' Chamber, Bombay, would be taken into consideration by the Government of India.

Liabilities to the Depreciation Fund and General Revenues. The Commissioners pointed out that unless the Assembly accepted the Resolution which it was proposed to put forward in the Simla session, any surpluses would, under the existing Convention, be credited to the Railway Depreciation Fund and that General Revenues would get no contribution until the loans from the Depreciation Fund had been entirely wiped out, whereas if the Resolution was accepted, any surpluses, after working expenses, interest charges and full depreciation have been paid, would be credited to the general revenues.

Revision of the terms of Separation Convention. The Commissioners stated that no revision of the terms of Separation Convention were at present under contemplation by the Government of India. The final settlement of this problem would be an arrangement between the Federal Government and the Federal Railway Authority as contemplated under Section 186 (3) of the Government of India Act, 1935.

Capital expenditure. As regards the question raised by the Chamber whether the expenditure of four crores on new rolling stock was justifiable, the Commissioners pointed out that they did not embark upon this expenditure without a

very close scrutiny and that when proposals were placed before the Standing Finance Committee, the attention of this Committee was drawn to the paragraph in the Wedgwood Committee Report which related to the subject. They added that the opinion given by the Wedgwood Committee that there was a surplus of locomotives, carriages and wagons, would appear not to have taken into consideration the very wide fluctuations of traffic between the slack and the busy seasons in India. They reminded the Chamber that in the past there had been occasions when serious shortage of wagons had occurred which had upset trade and industry and they felt that with the signs of returning prosperity they should take no risks of damaging trade and industry by being unable to meet the full needs of traffic. They explained that they had entered into a 3 years' contract for wagons as prices were rising and there was every indication that if they did not give security of orders to wagon building firms, they might not get deliveries when they were required. In reply to a question, the Commissioners pointed out that with the possible exception of a few special types, all the wagons would be built in India from Indian material unless this was unavailable. They also pointed out that of the locomotives, 8 were to be manufactured in the B. B. & C. I. Railway Workshops at Ajmer.

State Management of Railways. The Commissioners stated that the Government of India have not come to any decision on the recommendation of the Wedgwood Committee in this respect. They further stated that the views of the Indian Merchants' Chamber and other commercial bodies on this question were well-known to Government.

Outlook of the railways on questions concerning the general welfare of the country. The Commissioners pointed out that railways, when they were considering concessions, had to look to, in the first instance, the revenues of the railway. The Committee of the Chamber raised specific points in regard to the carriage of dry cattle from Bombay to up-country stations on the B. B. & C. I. Railway. The

Commissioners promised to discuss this question with the B. B. & C. I. Railway.

Report of the Railway Enquiry Committee. The Commissioners pointed out that the Government of India had not yet formulated their views on the recommendations of the Committee. A general discussion followed but at the request of the Commissioners, no record has been kept of this.

Seasonal variations in freight rates for rice. The Commissioners pointed out that on this question the views of the various commercial bodies did not appear to be uniform. The advisability of reducing fares for certain period of the year when wagons were available had often been pressed on the Railway Board. In this particular case the position was slightly different. The railways reduced their rates during the season when rice could be sent by country boats and quoted the normal rates when during the monsoon period the country boats could not ply their trade. This seemed to them to be perfectly sound business proposition. One member pointed out that by quoting these differential rates, Bombay merchants were forced to store their rice at up-country depots as they had to take advantage of the cheap rates during certain months and this was against the interests of the merchants in Bombay. It was pointed out by the Commissioners that presumably the merchants would take the advantage of the cheap rates offered by country boats during certain period of the year and they could not see how the railways by quoting low rates for this same period altered the position in any way whatsoever. They, however, promised to communicate the views of the Committee on this point to the B. B. & C. I. Railway administration.

APPENDIX 15

Views on the Report of the Railway Enquiry Committee

Letter No. 2346 dated 25th August 1937 from Chamber to Government of India, Railway Department.

The Committee of this Chamber have gone carefully through the Report of the Indian Railway Enquiry Committee published recently. They propose in this representation to deal with the different aspects of the questions dealt with by the Enquiry Committee in their Report and to lay before you their considered view regarding the same.

Para 47. Statistical Survey. My Committee agree with the Enquiry Committee that the percentage of locomotives and of carriages under or awaiting repair is excessive and should be capable of reduction. In fact, it is a longstanding complaint that though the number of locomotives and wagons is excessive, full use is not made of these and new orders are being placed for the same. Only recently the Railway Finance Committee placed heavy orders for locomotives and wagons. This appears to my Committee to be in strong conflict with the Report of the Enquiry Committee who have specifically said that the stock of locomotives and wagons is excessive. My Committee hope, therefore, that Government will be pleased, even now, to curtail those orders and to see that the present stock is fully utilised before fresh orders are placed, costing to the taxpayer an enormous amount of money.

Para 49. Workshop Organisation. My Committee also agree with the Enquiry Committee in their observation that the time occupied in the repair of carriages and wagons is at present too long. It should be curtailed in the interests of economy. My Committee drew the attention of the Chief Commissioner of Railways when he had his interview with them some two years back, to this question and pointed out how in Japan, for instance, the time taken for repairs of locomotives was surprisingly short.

Para 50. Supervision. It is suggested by the Enquiry Committee that "owing to the lack of experience in India such supervisory staff must at present be of European extraction", and that "at the few workshops where European supervisors were still employed, the use made of the modern machines was noticeably better." My Committee regret that the Enquiry Committee should have not only at this place (paragraph 50) but also at several other places made recommendations which go counter not only to the trend of public opinion, but also to the policy accepted by the Government of India for Indianisation of all the services in the country. My Committee cannot understand why after more than 60 years of railway administration in this country, there should be still required European supervisors for workshops. Surely, by this time, a sufficient number of Indian supervisors must have been trained up. If they are not, it reflects very badly upon the men who are at the top of the Railway Administration, for it shows that they either deliberately or through sheer indifference, prevent the Indian employees from getting that training in the workshops which would fit them for the work of supervision. My Committee are of opinion that there must be, if some sufficient efforts are made, a fairly good number of Indians who can be entrusted with the work of supervision. Looking to the fact that Indians are now employed in the highest departments of different administrations, it is inconceivable that no satisfactory Indians can be found for work of supervision in the workshops. There was a time, perhaps, when Indians were not available for this sort of work, but the time is long past, and Indians are now available with a good technical knowledge, administrative experience and capacity for handling men and machines. Indians are entrusted with supervision work in big manufacturing concerns and workshops and there is no reason why they cannot do this work in Railway workshops.

The Enquiry Committee remark that "experienced European supervisors are still required", and also that "the salaries offered and the prospect of continuous

employment must, however, be such as to induce the best mento offer themselves." This means that the Enquiry Committee want not only Europeans to be appointed as supervisors, but also want their scales of salaries and wages to be much higher than at present.

Para 52. Amalgamation of workshops. My Committee agree with the suggestion that attempts should be made to amalgamate workshops belonging to different administrations and to concentrate their works at an individual shop. It is, indeed, a tremendous waste of energy and money that even in a City like Bombay, which is served by two Railways, the G. I. P. and the B. B. & C. I. Railways, both of them should have different workshops for carrying on their repair and construction work. It should be possible to bring about amalgamation to a very large extent and to concentrate at one or two selected places, the works that are at present distributed in different workshops all over the country.

Paras 59 & 60. Acceleration of trains. My Committee agree with the suggestion regarding acceleration of passenger trains as also acceleration of goods trains. My Committee may be permitted to point out one instance showing how the railway administrations, if they want, can increase the speed of passenger trains remarkably. Thus, the Madras Mail, which started from Bombay at about 10 P.M. reached Madras on the morning of the day after at about 6 or 7. Complaints were repeatedly made about the inordinate delay and suggestions were made to reduce the travelling period, but all to no avail. Ultimately, both the G. I. P. and the M. & S. M. Railways introduced the Madras Express, which completes the journey at present in about 26 hours, even while the Madras Mail takes the same time as before for reaching its destination.

The period taken by goods trains is even more scandalous. These delays have their effect on trade and industries and it is very much desired, as recommended by the Enquiry Committee, that the distances between the industrial centres and the ports and between the producing

and the consuming areas should be covered much more quickly than at present.

Para 70. Central Publicity Bureau. While my Committee welcome the suggestion of the Enquiry Committee that the Central Publicity Bureau and its New York Office should be closed down, they extremely regret that it is still proposed to continue the London Office. My Committee cannot see any reasons for such a suggestion. The London Office is costing evidently a large amount of money for its upkeep without any corresponding advantage or gain. The principle accepted by the Enquiry Committee themselves with regard to the Central Publicity Bureau and the New York Office should be followed with regard to the London Office also, as otherwise there is evidently inconsistency in the recommendations. The Enquiry Committee argue that the Indian Railways, as a national organisation, have business relations that extend far outside the limits of India itself and call for the maintenance of representation in London as the chief business centre of Europe. Surely, this is a new interpretation given to the function of the London Office which was merely a sort of publicity organisation and not by any means a sort of Ambassadorial office for the Indian Railways. This function can very well be fulfilled by the High Commissioner for India or even by the Trade Commissioner. The amounts which are being spent on the London Office may well be utilised for having publicity in India itself.

Paras 71, 72 & 73. Amalgamation of the Upper Classes of Travel. While my Committee agree that there is a waste of accommodation involved in maintaining four classes of travel on Indian trains, they cannot help bringing to the notice of Government that under the peculiar circumstances of this country, this four-fold division may be deemed inevitable. Sometime ago a reference was made by the G. I. P. Railway with regard to the amalgamation of the First and Second Class in an Upper Class. My Committee gave it as their opinion at the time that they were strongly opposed to the proposal of such

an amalgamation and that they were in favour of reduction in the First class fares provided a corresponding reduction in the Second class fares was also made. Amalgamation will mean a raising of the Second class fares and a lowering of the First class fares, and so my Committee cannot approve of the same. The arrangement, however, of the different classes of compartments can be so altered and amended as to provide greater amenities for Third class passengers and for reducing to some extent the space occupied by each First class compartment as also the amenities provided therein. The standard set up by the Indian First class excels, in the opinion of my Committee, even that set up for what is known as the Wagon de'lit Class. The suggestion for a coupe made by the Enquiry Committee is, therefore, to be welcomed, if it is going to consist of one upper and one lower berth and the available space is to be restricted. My Committee approve of the abolition of First class carriages on branch lines where Second class compartments will serve the purpose.

Para 74. Capital Expenditure. My Committee congratulate the Railway Enquiry Committee on placing their finger on the right spot when they criticise strongly but fairly the capital expenditure of the Railways. Since a long time past, my Committee have been drawing the attention of Government to this festering sore in the Railway economics of the country, but upto this time to no avail. It is for the first time that a responsible Enquiry Committee have recognised the force of the contentions of my Committee and they only hope that this criticism, coming from this responsible body, will now bear some fruit.

My Committee appreciate that the Enquiry Committee have evidently been impressed by the poverty of this country and that they observe that the average inhabitant of India must content himself with a standard of life very little above subsistence level and that the resources of additional taxation are almost non-existent. It has been a tendency always of railway officials and even, my Committee

are afraid, of Government themselves, to plead in extenuation of the high scale of railway capital expenditure, that a certain class of expenditure must be undertaken in keeping with the position and prestige of the country and that a certain class of expenditure is called for, as otherwise, the railway administration may not be as efficient as is desired. Expenditure of lakhs of rupees on railway stations, the Bombay Central for example, has shown how such an argument and reasoning have been carried out to their logical conclusion. The Railway Enquiry Committee, however, well observe that the railways are bound to keep this situation (poverty) in mind and to cut their coat accordingly. They further observe and rightly too, that they (railways) have not got the vast resources of Great Britain or the United States to fall back upon; nor can they look for the rapid and abounding growth of traffic which speedily justifies or swamps, excessive capital expenditure in the newer countries of the world. The Enquiry Committee further observe that in the past 15 years, stations, workshops and marshalling yards have often been built to be the last word in the railway technic rather than on a careful calculation of probable requirements and that prestige has perhaps counted for more than prudence.

My Committee say ditto to each and every word in this paragraph. In fact, this pronouncement has been literally what my Committee have been saying all these years in regard to capital expenditure and they are thankful for incorporating in this Report the views of my Committee placed before the Enquiry Committee in their representation to them.

The Enquiry Committee have not done with this as yet, and they pursue this matter still further when they say that there is perhaps something of the same lack of proportion in the importance attached to the improvement of the amenities of First Class accommodation in a country where about 92 per cent of the passenger revenues come from the lower class traveller. This is supporting all the arguments which have been advanced, whether in the Legislature

or outside, against the spendthrift, costly, excessive extravagance of railways on big capital works and on luxuries provided for the Upper Class passengers withont paying any regard to the Third Class travellers, who practically foot the bill.

Paras 75 to 79. Salaries and Wages and Administration. It is regretted that there is no proper information with regard to wages. This shows that there is some lacuna with regard to statistical departments of railways and my Committee hope that in the reorganisation which may follow the Report of the Railway Enquiry Committee, due attention will be paid to a proper upkeep of statistical departments.

My Committee regret to note that the Railway Enquiry Committee are not in a favour of any reduction in salaries or wages, and they definitely set their foot against any reduction in the salaries of Gazetted officers or application of new scale to them. It is unfortunate that in all such questions salaries and wages are considered from the same standpoint. My Committee presume that salaries mean salaries of highly paid staff, officers and Gazetted officers, while wages mean the amount paid to lower clerical establishments, menial staffs and manual workers. The arguments which may apply to one may not apply to the other. While wages are not fixed on a lavish scale, and in several cases represent the lowest minimum possible, salaries, on the other other hand, are pitched in several cases, in a high key.

My Committee, therefore, are sorry that the Railway Enquiry Committee have not seen or appreciated the advisability of reducing the scale of salaries at present given to the higher staff and the Gazetted officers of railways. There may be instances, of course, in which such a reduction may not be possible either because of contracts previously entered into or some other reasons. But there must be other cases where by judicious and tactful handling of the situation some reduction may be made in the salaries at present paid to officers. As the Railway Enquiry

Committee themselves have observed that they do not see any early prospects of the railways yielding a revenue to the State and if so, that is all the greater reason why all sources of reasonable economy should be tapped. The Railway Enquiry Committee, unfortunately, are not only opposed to any reduction in the present scale of salaries, but consider that the new scales of pay are entirely inadequate for new recruits. While India is politically in a state of transition, and the Government of India Act has marked the beginning at least of Provincial Autonomy and there may be the beginning of Federal Government in the near future, it is vitally essential that there must be financial conservatism with regard to the scales of pay. As the Railway Enquiry Committee themselves have observed in their paragraphs on capital expenditure, India is too poor a country to enjoy the luxury of big station buildings and station yards and high amenities for First Class travel. They could have proceeded further with this very outlook and they would have seen the justification for a demand, as is made by commercial and public bodies, for a retrenchment in the scales of pay. In fact, the salaries fixed for railway officials as for other services in this country, are fixed on a very high scale as compared with the scales which are in vogue for instance, in Japan and other countries.

My Committee see no reason why the recruitment should still be carried on in Great Britain for higher staff. Surely, the time has now come when all the services must be thoroughly Indianised and only such experts as are absolutely indispensable should be brought in from outside.

Paras 87 & 88. Stores Purchase. My Committee have always urged that Railways should make their purchases through the Indian Stores Department and it is, therefore, good that the Enquiry Committee have strongly stressed this point and urged the advisability of all the orders being placed through the Indian Stores Department. As matters stand at present, there is a tendency on the part of railways to place their individual orders with British or

other manufacturers and the result is that Indian industries do not get the patronage which they are entitled to have from the Indian Railways and the whole purchase system errs on the side of extravagance rather than economy.

Para 118. Catering and Trade Advertising. While agreeing generally with the remarks made regarding catering and trade advertisement, my Committee suggest that with regard to the former, a zone system should be adopted under which tenders should be invited for catering at stations between long distances, say for instance, between Bombay and Bhusaval. This will ensure, in the opinion of my Committee, a trained staff, good revenue to the railways and an honest effort by the caterers to satisfy the requirements of the travelling public.

Paras 119, 121 & 123. Rates & Fares. My Committee agree with the Wedgwood Committee that there is no justification at present for any increase in rates and fares. With all the talk of trade and commerce having taken the turn of the corner, there is not evident such prosperity as will justify any increase in rates and fares. In fact such an action will mean only that trade and commerce will be handicapped still further. A suggestion is made, however, that the surcharge on Coal be increased from 12½ to 15 per cent with a maximum increase of Re. 1 as at present. My Committee have always been opposed to increased rates on Coal and cannot in this case also consider that there is any justification whatsoever for the recommendation. Instead of there being any increase on any article whatsoever, my Committee would favour a decrease, scientific and well-regulated, in rates and fares for several articles. While the cry is for more traffic, this can best be secured by reduction in rates and fares and not by any increases.

Para 129. Risk Rates. My Committee agree with the Wedgwood Committee that there is an unjustifiably wide margin between Owner's Risk rates and Railway Risk rates, and that a considerable proportion of traffic now

carried at Owner's Risk could be carried at Railway Risk, if suitable rates were in existence. My Committee consider that there should be a Zone system for insurance both for passengers and goods. This will facilitate the removal of the Railway Risk rates altogether. There should be only Owner's Risk rates, and when the consignor wants to take insurance he should be charged a small additional rate which may be called the insurance rate.

Para 130. Encouragement to Inland traffic. My Committee were among those who complained that rates had not been adjusted to changed fiscal conditions and that they facilitated import-export traffic to the detriment of Indian industries. The import and export trade of a country are very important, but the Railways cannot take only these into consideration when fixing their freight rates. Time was when the railway companies were guided by the policy of pushing the export trade as much as possible from Ports and encouraging as much import trade as possible at the Ports, thus favouring foreign merchandise which was imported and also the export of raw materials generally for and on behalf of non-Indian interests. The inland trade which was mainly relating to agriculture and local industries was neglected. My Committee, therefore, now strongly suggest that all this old policy should be changed and the Railways should pay more and more attention to the development of inland trade and with regard to the trade at Ports they should not fix up any preferential rates. The development of road traffic, to which the Wedgwood Committee have referred so often, has been due in no small measure to this neglect and indifference shown by the Railway companies towards inland trade.

Para 132. Quotation of rates. My Committee agree with the Wedgwood Committee with reference to the complicated methods at present in vogue regarding quotation of rates to the public. They would like to urge that there should be as much simplicity in the classification of rates and quotation of rates to the public as possible. It is true

that freight rates cannot be simplified as much as fares for passengers; and yet it is to the interests of the Railway Companies to see that these rates are prepared and published in a manner which can be understood and appreciated by their usual commercial patrons. At present entire reliance has to be placed upon the railway staff, and the result several times is confusion for the public which means loss of business to the Railways and annoyance and inconvenience to the trading public.

Para 135. Road-Rail Coordination. My Committee are of opinion that the country should enjoy the advantages of Road development and that no restrictions should be imposed which would unfairly hamper it. In existing conditions, coordination is an unattainable ideal and it is because of this that adequate regulations are essential.

Para 140. My Committee, in their original representation to the Wedgwood Committee, had emphasised the importance of Road Transport which, if well-regulated and well-controlled, was for the good of agriculturists, and was calculated to develop both agriculture and trade. The Wedgwood Committee have emphasised this aspect of the thing in this para, and my Committee agree with them.

Para 142. My Committee agree with the regulations referred to in para 142, which should, in the interests of Safety, be made applicable alike to buses and lorries.

Para 144. My Committee are in favour of having a Transport Advisory Board, on which there should be representatives of road transport companies or syndicates as also of local Chambers of Commerce and Governments.

With regard to licensing, while there can be no objection to route licensing and time and fare schedules, the fares should also be fixed by the Licensing Authority.

Para 146. So far as "Safety" position is concerned private lorries should be treated on the same basis as hired cars. In fact, the only two principles which should be closely observed are: Safety and Roads Engineering, and

even private lorries should not be exempted from such requirements.

Para 151. My Committee suggest that there should be uniformity with regard to taxation of motor vehicles in all the Provinces.

Para 158. My Committee consider that long-term programme of road construction should be undertaken by the Provincial Governments in consultation with the interests concerned.

Para 159. Railways should be allowed to run feeder services without any extra cost or loss. My Committee are opposed to the Railways running their services on the Roads except where they want to feed their own traffic, and private enterprise is not consolidated. The services run by both the Railways and Road Organisations should be deemed to be on equal terms and no discrimination should be shown to one as against the other.

Para 160. My Committee agree with the recommendation that the Railway Companies may well run Road services to meet the conveniences of their patrons, viz. the public. They cannot, however, agree that the Railways should run the services even at a loss, because if they do that they may kill private competition and after they have established themselves firmly they may withdraw such road services.

Paras 161, 162 & 163. The idea adumbrated in the above paragraph is carried further here and the recommendation in effect comes to this: that the Railways should be asked to obtain monopolies. My Committee regret that they cannot support such a proposal.

With regard to Feeder Service, my Committee have already referred to the same in their replies to paragraph 159 and their views are given therein.

Paras 171 to 175. The following counter-measures are recommended by the Wedgwood Committee to meet Road competition :—

(*a*) Improved speed of services;
(*b*) improvement of connections;
(*c*) intensification of services;
(*d*) employment of small units;
(*e*) amenities for lower class passengers;
(*f*) accommodation of third-class waiting rooms, and better catering arrangements.

My Committee have been asking for these reforms and changes in one form or another since a long time past and are glad to see that the Wedgwood Committee have made these recommendations. They approve of these and hope that efforts will be made to put them into practice.

Para 176. Modification of fares. My Committee cannot agree with the conclusions formulated by the Wedgwood Committee in this paragraph wherein they say that they cannot recommend any wholesale lowering of fares to meet road competition. My Committee would like to draw attention here to the false notions which have gained ground with regard to this question. It is said that the Indian fares and freight rates are the lowest in the world. My Committee admit that the Indian passenger fares and freight rates are low; but they may be allowed to point out that they are not so low as compared with rates for rich and prosperous countries as the public are ordinarily led to imagine. They give below a table recently published by the Indian Railway Conference Association showing the comparative passenger fares and freight rates for different countries, as also the mileage per passenger and tonnage and haul (Bulletin No. 2/1937, I.R.C.A.).

(*a*) **Statement showing average rates charged in various countries per ton mile and average haul.**

Country.	Year.	Average receipt per ton mile in cents.	Average haul (miles).
Switzerland ...	1931	3·91	51·95
New Zealand ...	1931–32	3·41	69·6
Denmark ...	1931–32	2·42	61·88
South Australia ...	1931–32	2·33	118·37
Norway ...	1931–32	2·19	49·04
Austria ...	1930	2·17	77·49
Victoria ...	1931–32	2·15	124·34
Western Austrlia ...	1931–32	2·08	122·03
New South Wales ...	1931–32	1·92	139·99
Hungary ...	1930–31	1·89	72·02
Great Britain ...	1932	1·87	55·64
Italy ...	1931–32	1·69	153·99
Belgium ...	1931	1·51	53·75
Germany ...	1932	1·49	97·96
Czechoslovakia ...	1930	1·48	68·15
France ...	1930	1·37	78·95
South Africa ...	1931–32	1·35	201
Sweden ...	1931	1·23	103·54
U. S. A. ...	1933	1·003	195
Canada ...	1932	0·94	341·6
British India ...	1931–32	0·832	246
Poland ...	1931	0·80	194·4
Japan ...	1930–31	0·63	105·46

(*b*) **Statement showing the average rates charged in various countries per passenger mile and average journey per passenger.**

Country.	Year.	Average receipts per passenger mile in cents.	Average journey per passenger in miles.
Canadian Railways ...	1932	2.543	68.1
U. S. A. ...	1932	2.22	36
Switzerland ...	1931-32	1.74	12.27
Norway ...	1931-32	1.62	17.54
Italy ...	1931-32	1.54	48.46
Austria ...	1930	1.43	21.21
Sweden ...	1931	1.28	28.95
Denmark ...	1931-32	1.19	22.94
Germany ...	1932	1.09	14.64
Hungary ...	1930-31	1.00	20.93
South Australia ...	1931-32	1.02	10.66
Poland ...	1931	1.00	25.61
Great Britain ...	1932	0.99	13.04
Belgium ...	1931	0.65	16.18
Czechoslovakia ...	1930	0.62	16.35
INDIA ...	1931-32	0.451	35.7
Japan ...	1930-31	0.43	14.9
France ...	1930	1.18	22.38

The purchasing power of the people in this country is extremely low and looking to this and the general poverty of the land, it is a natural inference that if the rates were not low the public would not be able to take advantage of the Railway services at all, or at least to the extent to which they are doing at present. While making comparison between passenger and freight rates in this country with those in other countries, all the factors must be taken into account if these comparisons are to have any value. It is not merely the rates, as such, which are to be compared, but also the economic, social and political conditions, and if all these factors are taken into account, it will be clear that the rates fixed for this country even though low, can very well be reduced still further looking

to the general poverty of the land. With such a reduction, my Committee are sure, there will be an increased traffic both for passengers and goods. In fact, this is one of the ways for increasing the Railway revenues always suggested by my Committee.

Para 180. Booking Agencies. My Committee agree that the railway companies in this country have not done much to develop traffic through booking agencies. It is indeed more or less a paradox that while foreigners coming to visit this country can get all facilities of getting their tickets even for inland travel from booking agencies, the same facility is not accorded to the people of the land. Not only that but there seems to be no plausible reason why for inland travel over such a vast continent like this country Indian booking agencies should not be recognised by the Railway companies. My Committee strongly recommend that Indian booking agencies should be recognised all over the country for inland travel and they feel sure that this will go a great way towards development of traffic which the Railways really want, but do not take sufficient and satisfactory measures to secure.

Para 181. Acceleration of Service. My Committee agree that the goods services must be accelerated and that it is the superiority of road transport in this respect which, apart from lower charges, constitutes the primary reason of the diversion of rail traffic to the roads.

Para 183. Clerical formalities. My Committee also agree that the formalities at present which have to be gone into both by the consignor and the consignee regarding the despatch and delivery of goods are much too cumbrous. They hope that the suggestion that the Railways and Chambers of Commerce should examine the possibility of adopting simpler arrangements on the lines which are acceptable in Great Britain, will be adopted.

Paras 190 & 191. Public relations. My Committee congratulate the Wedgood Committee on their gauging

the situation rightly when they say that Indian Railways are the most unpopular institutions in India. The reasons why they are so are given in Para 190 of the Report and the analysis made therein is true to facts. It is because such an opinion prevails with regard to Railways that my Committee consider that special measures are necessary to remove this public prejudice against them and to make them a popular institution. The continued unpopularity of Railways is not good either in the interests of the Railways themselves or in the public interests. In the United States of America, the travelling public are always referred to as "patrons" by the Railways, and all notices, circulars, warnings, etc. are all couched in terms of extreme politeness and courtesy. Quite a different state of things is to be observed here, and a sensitive public is, for no reasons, humiliated and insulted by expressions which might well have been avoided. Thus, to give a simple illustration: there is no meaning in referring to "Reserved for Ladies only" for 1st and 2nd class passengers, and "For Women only" when mention is made of 3rd class passengers. Even the toilets are somtimes indicated as "For Gentlemen only" and "For Men and Women only" when the former are reserved for 1st and 2nd class passengers and the latter are reserved for 3rd class passengers. The attitude of the Railway staff generally leaves much to be desired. There is an air of sullen and arrogant authority about the staff at the stations, which reminds one more of a Police station than of a railway station, whereas the Railway is actually in the position of a seller and the public are in the position of a buyer. Modes and manners even with regard to the Police stations have now changed entirely in civilised countries, though in India, unfortunately, the old-time modes and manners continue to persist, creating an ever-widening gulf between the police and the public. There is no reason why these old-time modes and morals with regard to India should not disappear as between the Railway staff and the public. Till these things disappear, the unpopularity of the Railways is bound to persist, and the Road Transport is going to get more and more traffic taken away from the Railways.

Para 192. Relations with the Press. While my Committee agree that there should be a closer liaison and better relations with the Press, they cannot approve of the suggestion that the Officer to be appointed by the Railway Board in this connection should be a "young and enterprising journalist from Great Britain". On the one hand, the Wedgwood Committee insist that the officer to be appointed should have journalistic talent and knowledge of Indian vernaculars and, on the other, they recommend the officer to be imported from Great Britain. India has got any number of capable, enterprising and intellectual journalists, possessing a knowledge of different Indian vernaculars, and there is no meaning in getting a foreigner who is innocent of the knowledge of any Indian vernacular and who does not know anything about the feelings and sentiments of the Indian people. If necessary, the selected Indian candidate may be sent to Europe for getting the experience of such publicity work. There should also be coordination and cooperation of the Publicity work and the Services.

Paras 193 & 195. Relations with traders, etc. My Committee are in agreement with the suggestions made in paras 193 and 195.

Para 197. Amalgamation. My Committee are in favour of the principle of amalgamation and recommend that there should be two Zones, North and South, in each of which the different railway systems operating therein should be amalgamated. This will insure economy of working to an extent which has not been possible at present. Such a course will make it possible to have coordination regarding the working of the Workshops, pooling of wagons, locomotives staff, etc.

Para 198. State Management of Railways. My Committee are strongly in favour of State Management of Railways. It was largely through their efforts and representations that the principle of State Management of Railways was accepted in 1921 by the Acworth Committee, when one of their ex-Presidents was a member of that

Committee. Ever since 1921, the Government of India have accepted this principle of State Management of Railways, and it has been, therefore, a matter of the greatest and deepest regret that the Wedgwood Committee now want the whole policy to be changed and want Government to revert to private management. In fact, they state that "if the only choice lay between the continuance of private management and an extension of State Management on existing lines, we should strongly recommend the former alternative". My Committee do not agree with their dictum that "the history of State Management in India is not encouraging", nor with the defects which they have pointed out as connected with State Management. It is unfortunate that the Government of India recently did not take over the two railways, viz. the M. & S. M. and the B. and N. W. Railways, the leases of which had expired, and instead gave them an extension of management. My Committee strongly protest against the recommendation made by the Wedgwood Committee regarding company management, and hope that the Government of India will not be deflected from their course and their policy by this Report.

Paras 205 to 213. Financial Outlook. At the end of 1936–37, the total liabilities of the Railways to the Depreciation Fund and in respect of unpaid contributions to the General Revenues amounted to over Rs. 62 crores. At the time of the last Railway Budget, Government announced their intention of writing off both these liabilities to enable the Railways to start the new year with a clean slate. My Committee expressed surprise at such a proposal and protested against the same. In ordinary commercial undertakings, such an attempt will amount to an act of injudicious and unhappy transaction. Apart from the theoretical objection, with the load of over Rs. 60 crores removed by a stroke of the pen, the urge and the need for radical reform in railway finances would be removed and lacking. Government, however, announced their intention of moving a resolution in the Legislative Assemby permitting such a writing off. It is hoped that it is still

the intention of Government to move such a resolution at the Simla Session and, pending the decision of the Legislature on this issue, no action will be taken by Government, in the direction of writing away these obligations. My Committee take this opportunity of conveying to Government their considered view that these obligations should not be written off and that ways and means should be found to make it possible for the Railways to discharge the same.

The resolution of the Legislative Assembly, dated 20th September 1924, popularly known as the Separation Convention, fixed the basis of the contributions to be made from Railways towards the General Finances of the country. In view of the fact that the Railways have not, from the years 1931-32 to 1936-37, been able to make good these contributions, my Committee would like to know if Government have considered necessary a revision of the terms of the Convention. Section 186 (3) of the Government of India Act also contemplates the formulation of a scheme for the apportionment between General Revenues and the Railway Authority of surpluses on revenue account of the Railways. My Committee may be informed if Government have given any thought to the basis of such apportionment and, if so, they would like to be furnished with the details of the same. My Committee know that Sir Guthrie Russell, the Chief Commissioner for Railways, in their interview with him, stated on this question that no revision of the terms of the Convention was at present under contemplation by the Government of India and that final settlement of the problem would be an arrangement between the Federal Government and the Federal Railway Authority. My Committee have referred to it again here, as they would like Government to deal with this issue while they are dealing with the Report of the Wedgwood Committee in a comprehensive manner.

While on technical and administrative issues, the Report has made recommendations which may be considered as wholesome and which may receive the general support of

the commercial community, my Committee must express their disappointment that on the main issue of the rehabilitation of the Railway Finances, the experts have missed the problem. The Railway Enquiry Committee was necessitated primarily by the condition of the Railway finances after the failure of the Railways to make their contributions to the General Revenues. The successful working of the new constitution, in turn, was based on the expectation that the Railways would be able to contribute their share towards the revenues of the country. An Enquiry Committee, which was mainly, if not specifically, designed to suggest ways and means for improving Railway finances, so as to assure the assistance necessary from such finance to the General Revenues of the country, cannot be said to have discharged their duty by putting forward a plea on behalf of the Railways to absolve them from that responsibility.

Para 214. Federal Railway Authority. The question of Federal Railway Authority was beyond the terms of reference of the Wedgwood Committee, and my Committee are suprised at their going out of their way and writing a Chapter on that subject. My Committee think, under the circumstances, it is merely sufficient to mention that they have been opposed from the very beginning to the scheme of the Federal Railway Authority and the constitution proposed for the same.

In conclusion, my Committee hope that Government will be pleased to give full consideration to the above views before formulating their decisions on the recommendations of the Railway Enquiry Committee.

APPENDIX 16

Changes in Railway rates—Machinery for advising

Letter No. R.C.2253 dated 19th August 1937 from the Traffic Managers, G. I. P. and B. B. & C. I. Railways to Chamber.

We beg to say that the Commercial Committee of the Indian Railway Conference Association has recently

considered a proposal to establish an organisation for advising firms of changes in goods rates of commodities in which they are particularly interested. At present the usual procedure adopted by firms desiring to know accurate current rates is either (*a*) to ask the competent authority of the railway concerned to give quotations or, (*b*) to ascertain rates for themselves by reference to the published tariffs. Alterations in rates are, however, constantly being made to meet changing conditions. These changes are notified in rate circulars which, are issued at regular intervals and are obtainable by the public on payment. An examination of these circulars is laborious and important details might be missed as they contain much information in which an individual firm may not be interested.

2. It is with a view to simplify procedure that consideration is being given to establishing a central organisation which would advise firms promptly whenever changes are effected in rates for commodities in which they are interested. Firms desiring to utilise the organisation would register their names, stating the commodities in which they are interested and would then be advised as soon as changes in rates for these commodities are made on any railway in India, or in particular areas.

3. It will be appreciated that the proposal would involve setting up a new organisation and would involve considerable additional expenditure by railways. It is not therefore unreasonable for this special service to be given on moderate payment. Until this scheme has been worked out in detail and it is known to what extent it might be utilised by the public, it is not possible to state definitely what charges could be reasonably levied, but it is at present considered that a charge of Rs. 15 per year per firm per commodity would be acceptable.

4. Before any further steps are taken in the matter, it is desirable to ascertain the views of those likely to be interested, and we therefore request that your Chamber will favour us with your views on the proposal generally and with particular reference to the following points :

(*a*) Is such an organisation desired by the trade?

(*b*) To what extent would members of your Chamber make use of such an organisation if set up?

5. As the matter is to be considered again at the Meeting of the Commercial Committee to be held in October, we shall be much obliged if you will favour us with a reply by 15th September 1937, at the latest.

Letter No. 2464 dated 3rd September 1937 from Chamber to the Railways.

I am directed to acknowledge the receipt of your letter No. R.C.2253 of the 19th August and in reply to inform you that, while my Committee agree with the need for arrangements for the expeditious supply of information relating to rates, they are unable to approve of the suggestion for the creation of a separate organisation for the purpose. They also cannot agree to the introduction of any system of charges for supply of such information. In their opinion, the object in view can be achieved by the existing commercial departments of the various railways. The public and the commercial community, who are the constituents of the railways, and my Committee are of opinion that it would not be difficult, inside the existing administration, to make arrangements for the purpose in question. In this connection, they wish to draw your attention to the remarks made by the Wedgwood Committee in paragraph 132 of their Report wherein they have suggested that the quotation of foreign rates should be concentrated at the Head Office of each Railway under the eye of the Chief Commercial Manager. Instead, therefore, of trying to incur any new expenditure on this account and the consequent imposition of burdens in the way of special charges on trade and industries for the purpose, the Railway Administrations should strive to attain the object in view by making necessary internal arrangements.

APPENDIX 17

Introduction of the System of Return Tickets over the Railways

Letter No. 2020 dated 24th July 1937 from Chamber to the Agent, G. I. P. Railway.

My Committee have gone through the summary of the discussion at the meeting of the G. I. P. Railway Local Advisory Committee held on 3rd June 1937 on the above subject. They have also been furnished with a copy of the note submitted by Khan Bahadur Ghamat.

Khan Bahadur Ghamat has made out a strong case for the introduction of the system of the ordinary return tickets over the Railways. As a matter of fact the system was prevalent once practically over all the principal railways in the country and it is high time that while the railways are exploring ways of making railway travel popular and thereby inducing greater traffic and consequent increase in revenue, this concession, which is bound to be popular, should be restored. My Committee understand that the B. N., E. I., E. B., and N. W. Railways have adopted the system of return tickets and the latter three are also issuing mileage coupon tickets in addition to return tickets. Such return tickets should, in the opinion of my Committee, be issued for all classes at 1½ single journey fares between any two stations and available for completion of journey within a fixed period, the length of which may vary according to the distance between the stations, with permission to break journey.

3. Such return tickets will prove to be a facility both to the general and the commercial traveller. It is true that at present for the upper class commercial traveller there is the system of the mileage coupon tickets. My Committee are in favour of the continuance of the mileage coupon tickets, as the same has met a definite want so far as commercial travelling is concerned. They would further like to see the charges for the same reduced to the scale which prevailed in 1931, viz. Rs. 117/8 for 3000 miles for 2nd class and twice that rate for 1st class.

4. The ordinary return tickets, however, will also serve the third-class commercial travellers and the other classes of commercial and professional men to whom the mileage coupon tickets are at present denied, besides being a popular facility for the general traveller. My Committee, therefore, suggest that the G. I. P. and the B. B. & C. I. Railways should, while retaining the system of mileage coupon tickets for commercial travellers, introduce the ordinary return tickets for all the classes on the lines of return tickets issued by the above-mentioned other Railways.

Letter No. 12441-M/141 dated 4th August 1937 from the G. I. P. Railway to Chamber.

With reference to your letter quoted above, I am directed to state that the reasons for the issue of return tickets at reduced fares to nine important business centres only as an experimental measure, were mentioned in the Local Advisory Committee's Proceedings referred to by you. As already stated in the Proceedings, these return tickets have been issued from 1st April, 1937, and any extension of the system could only be considered after the experiment has been in force for a sufficiently long period and its results are available.

Letter No. 2021 dated 24th July 1937 from Chamber to Agent B. B. & C. I. Railway.

My Committee have gone through the summary of the discussion at the meeting of the G. I. P. Railway Local Advisory Committee held on 3rd June 1937 on the above subject. They have also been furnished with a copy of the note submitted by Khan Bahadur Ghamat, a copy of which is enclosed herewith.

2. Khan Bahadur Ghamat has made out a strong case for the introduction of the system of the ordinary return tickets over the Railways. As a matter of fact the system was prevalent once practically over all the principal railways in the country and it is high time that while the railways are exploring ways of making railway travel

popular and thereby inducing greater traffic and consequent increase in revenue, this concession, which is bound to be popular, should be restored. My Committee understand that the B. N., E. I., E. B. and N. W. Railways have adopted the system of return tickets and the latter three are also issuing mileage coupon tickets in addition to return tickets. Such return tickets should, in the opinion of my Committee, be issued for all classes at 1½ single journey fares between any two stations and available for completion of journey within a fixed period, the length of which may vary according to the distance between the stations, with permission to break journey.

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4. The ordinary return tickets, however, will also serve the third class commercial travellers and the other classes of commercial and professional men to whom the mileage coupon tickets are at present denied, besides being a popular facility for the general traveller. My Committee, therefore, suggest that the G. I. P. and the B. B. & C. I. Railways should, while retaining the system of mileage coupon tickets for commercial travellers, introduce the ordinary return tickets for all the classes on the lines of return tickets issued by above mentioned other Railways. This concession is all the more necessary over the B. B. & C. I. Railway, as there is no inter-class accommodation on this Railway except in very few trains.

Letter No. T.12.C.7/37 dated 26th August 1937 from the Agent, B. B. & C. I. Railway to Chamber.

With reference to the correspondence ending with your letter No. 2100 dated 30th July 1937, return tickets for

fixed periods at 1½ full fares are already issued between certain selected stations on this Railway and it is the policy to extend this concession when experience shows that enhanced earnings to the Railway are likely to result. It is regretted that the concession cannot be made general all over the system as our experience shows that such a wholesale concession would not only lead to direct loss to the Railway in earnings but also to the misuse of return tickets for single journey traffic.

With reference to the request for a reduction in the rates for Mercantile Mileage Coupon Tickets, it is pointed out that the primary purpose of the system is to help mercantile firms by obviating the necessity for their representatives carrying large amounts of cash when travelling. Moreover, the basis of the existing charge for such coupons is already lower than the usual fares. It is regretted that no further reduction can at present be made.

APPENDIX 18

Simplification of the Goods Tariff—G. I. P. Railway

Letter No. R.C.1041 dated 5th March 1937 from Chief Traffic Manager, G. I. P. Railway to Chamber.

In view of the statements that from time to time have been made by spokesmen of the mercantile community that the Goods Tariffs issued by railways are unduly complicated and cannot be understood by persons who have not received special training, I write to enlist the assistance of your Chamber in effecting such changes as may be considered desirable in the goods tariffs issued by this railway. I am taking this action because the statements to which I have referred have been of a general nature and in the absence of details of the difficulties experienced this railway has not found it possible to ascertain the directions in which improvements might be effected. Before

proceeding further I would like to make it clear that this particular enquiry refers only to the re-arrangement, re-wording or amplification of the matter included in tariffs. It does not refer to the general structure of railway rates or to the policy followed in fixing rates as these are matters in which the G. I. P. Railway is unable to take action by itself.

2. It is proposed therefore, for the time being, that consideration be confined to the following tariffs issued by this railway :—

Goods Tariff Part I A which contains general rules applicable to traffic carried by goods train, the general classification of goods, lists of schedule rates and other information concerning goods traffic.

Goods Tariff Part I B which contains all the station to station rates applicable over the G. I. P. Railway.

Coal Tariff which contains rules and rates relating to the conveyance of coal.

It is possible that improvements in these tariffs would fall under one of the following classifications :—

(*a*) re-arrangement of the matter now contained in the tariff so that it may be easier to find information required,

(*b*) inclusion of further matter which would make the tariffs more complete,

(*c*) re-wording of any rules etc. contained in the tariff which may now be not quite clear.

3. The following comments on each of the tariffs referred to are offered in the hope that they may be of assistance to you.

(*a*) **Goods Tariff Part I A.**

The general arrangement of this tariff is as follows:—

General rules with G. I. P. Railway's modifications thereof.

Rules and rates for fodder and live stock.

List of out agencies and sidings and the charges applicable thereto.

Special rules relating to the booking of traffic to and from certain points.

Schedule rates with their bases.

The General Classification of goods with explanations of various symbols used therein.

Rates etc. applicable over feeder railways.

List of terminal, short distance and transhipment charges.

Special instructions and restrictions regarding the booking, routing and rating of traffic.

Appendices relating to various miscellaneous matters.

There is a considerable amount of information contained in this tariff and it has therefore been necessary to compile it in the various sections given above; but it is possible some re-arrangement would be of advantage. Particular reference is invited to rules 62 to 64 CC of this tariff which contain descriptions of the various kinds of rates in force and the method of ascertaining a chargeable rate; an expression of opinion whether the description given therein is sufficiently lucid would be appreciated. In connection with the general classification of goods, which is given in Chapter VII of this tariff, this is in tabular form showing for each commodity the maximum class rates sanctioned by the Government of India and the exceptions to these class rates and schedule rates in force on various railways. If no exceptions or schedule rates are shown the maximum rates are chargeable except where station-to-station rates are quoted in Part I B. It would possibly be an advantage if this arrangement were altered so that a positive indication of the rates chargeable over each railway were separately shown. This arrangement would, however, involve an increase in the size of the tariff. It might also be of assistance if a symbol were placed against the commodities in

the General Classification of Goods for which station-to-station rates are quoted in Goods Tariff Part IB. The views of your Chamber on these points would be appreciated.

(*b*) **Goods Tariff Part I B.**

In this tariff the station-to-station rates in force over the G. I. P. Railway are grouped as follows :—

(1) Rates from Bombay.

(2) Rates to Bombay.

(3) Local rates (i. e. between stations both of which are on the G. I. P.) other than those to and from Bombay.

(4) Through rates (i. e. between G. I. P. stations and stations on other railways and rates for traffic between stations on other railways which passes over the G. I. P.) other than those to or from Bombay.

In each group the commodities are arranged in alphabetical order according to the nomenclature in the General Classification of Goods. Under each commodity the stations are arranged in geographical order with stations on the South-East line to Raichur first and stations on the North-East line to Delhi at the end. It is possible that some other arrangement of these rates may be considered more suitable.

(*c*) **Coal Tariff.**

In this tariff the rules and rates applicable over the G. I. P. Railway are shown first, and the rules and rates applicable over other Railways in through booking with the G. I. P. Railway follow in alphabetical order. It would appear that this is the most satisfactory arrangement but I shall welcome suggestions for improvement.

4. The cooperation of your Chamber in this effort to improve the tariffs of the G. I. P. Railway will be

invaluable. Should you desire any further information I shall be pleased to supply it. A copy of each of the tariffs referred to is enclosed.

Letter No. 1669 *dated* 12*th June* 1937 *from Chamber to G. I. P. Railway.*

With further reference to your letter No. R.C.1041 of the 5th March, I am dircted to send to you hereby the views of my Committee on the above reference.

My Committee welcome the efforts that are being made by the G. I. P. Railway to make the Goods Tariff more simple and intelligible to laymen. Most of the information now to be collected from the various volumes of the tariff, no doubt, taxes the patience of the ordinary man who has occasion to refer to the same now and then; but my Committee realise that the features presented by the Tariffs cover a wide field and that, therefore, the task of simplifying the same will present certain limitations. They are making some suggestions which from the point of view of the ordinary man will make references to the tariffs more easy.

Firstly, the tariffs should be numbered consecutively as 1, 2, 3, 4, etc., instead of the present practice of numbering them as IA, IB, II, IIIA, IIIB, IV. The ordinary running number will be found more popular with the general reader.

Part IA of the Goods Tariff contains much useful information ; but it is felt that the same is very costly and of inconvenient size. Much of the general information contained in the same is of a permanent nature and my Committee suggest that the same be split up. Chapters V, VI and VII and appendices A and B should be separated from Part IA and made into a different part or volume. The remaining portions of Part IA which contain more or less information of a general character should be separately printed and made into a small book; the same should be sold at popular price, say As. 4 per

copy. This part may be made more attractive and durable, if possible, with thumbing arrangements to distinguish different chapters. Important general rules and the G. I. P. subsidiary rules should be printed in bold types. Rules Nos. 62 to 65 should be printed in a conspicuous manner. It is suggested that the same may be printed on coloured paper.

The term Railway Administration appearing in the rules should be explained. Notices under Sections 77 and 140 of the Railway Act are required to be served on the Railway Administration. With certain railway companies this is to be served on the Agents while with others it is to be served on the Managers. This difference in procedure has led to some confusion in the past and it is suggested that the same may be made clear in the tariff. Important information of the following nature should therefore be printed at the beginning of the separate small book suggested by my Committee above.

(*a*) Information regarding the head of the Railway Administration as suggested above ;

(*b*) Information as to where the members of the public should approach, designation of officers and office location to obtain accurate rates, to obtain general information and to file complaints.

(*c*) Instructions explaining how rates in local and through booking may be ascertained.

Goods Tariff Part 1B

The general arrangement of this book is satisfactory. The asterisks etc., and the footnotes should be printed in bold black types. Pages 1 to 6 being explanatory notes, may be printed on coloured paper.

When examining the issues of the tariff for the purpose of the above references, several suggestions were received regarding some of the rules embodied in the tariff. As, however, this particular enquiry refers only to the "rearrangement, re-wording or amplification of the matter

included in tariffs" those suggestions are not included here, but are sent in a separate communication.

Letter No. 1670 *dated* 12*th June* 1937 *from Chamber to G. I. P. Railway.*

My Committee had occasion recently to examine the goods tariff in connection with your reference on the subject of simplification of the tariffs. At that time various suggestions regarding changes necessary in the rules etc., were received by them. As these suggestions do not mainly relate to the question of simplification of tariffs and as the scope of the reference on that question was specifically restricted, my Committee are forwarding these suggestions separately hereunder with a request that the same be examined and the necessary changes made.

Chapter I. General Rules.

Paras 4 & 5. The rules may be made clear giving designation of the officers to whom such enquiries or complaints should be directed.

Para 9AA. The words beginning with "and will not entertain any claims etc." in this para do not seem to concern the public. They may therefore be deleted.

Para 10. The period of 15 days suggested for the purpose of notice under this rule is insufficient. The same may be increased to one month.

Para 14. Money receipts in printed form ought to be given for all payments. The words "in respect of extra charges" in this rule be deleted.

Para 15. The exercise of this right of the re-weighment etc., and re-calculation of rates has led to occasions for grievances. It is necessary that the public should be protected from being penalised for mistakes in calculating rates, in ascertaining weighments, etc., on the part of the railway staff. My Committee therefore suggest that the powers under this para should be exercised only in cases

where it is proved that the consignor had deliberately given false particulars with a view to obtain cheaper classification or rates or where it is proved that such under-charge by the railway servants was caused by the collusion of the consignor.

Para 18 (*a*) (*ii*). Strong paper tag label should also be allowed just like leather or metal label.

Para 19 (*c*). The railway should accept the responsibility for the description of goods as it is open to the railway staff to verify the same at the time of booking.

Para 21 (*a*), (*b*) & (*c*). As at the time of booking the railway servants have the opportunity of verifying such declaration, responsibility for wrong declaration should be laid on the railway servants in question.

Para 28AA (*v*) & (*vi*). These two sub-rules should be deleted. The railway receipt must be granted to the consignor as soon as he tenders the goods with a forwarding note that the same is accepted by the staff.

Para 29. The words "even when not covered by risknote" be deleted. The Railway should demand a risknote if necessary.

Para 30. Notice of arrival of goods should be given to consignees. The necessary changes may be made in this rule.

Para 31. The exact designation and details of the officer to whom notice of any dispute is to be sent may be given.

Paras 32 & 33. Under both these rules claims should be allowed to be made in writing "by him or on his behalf".

Para 34 (*e*). Insured articles are under this rule to be allowed open inspection at the despatching station, but cases packed in "Europe" may be accepted without being opened and examined. This discrimination in favour of

European packing should be done away with. This exemption, however, may be given to strongly packed cases.

Para 35 (*d*). The Railway Administration should be responsible for insured goods upto the full time allowed for delivery.

Para 40 (*c*). My Committee cannot understand the objection in granting a duplicate railway receipt. They suggest that this sub-para be deleted.

Para 42. The word "freightors" used in this para is not common. The same may be replaced by the word "consignor" or "owner".

Para 44 (*g*). In cases of booking from B. P. T. the railway authorities refuse to countersign the indemnity bond and direct the sender either to the G. I. P. or B. B. & C. I. as the case may be. This ought to be remedied by a separate rule, and the B. P. T. Railway should sign indemnity bond.

Paras 46 & 81AA (*ii*). Generally the above provisions are alright, but there must be subsidiary rules to exempt certain cases where the part of a consignment short or damaged is such that the portion arrived and offered for delivery cannot either be identified or valued separately or is useless. The consignee should in these cases be at liberty to take open delivery and on weighment to ascertain the value or weight of the portion received short. For example, the railway receipt shows two cases provision weighing three maunds. Finally one case is received and the other is short. The delivery of the case received should be allowed on weighment and after examining the contents.

Para 53AA. The responsibility should go to the railways and as they must make arrangements to see that the waggons are not overloaded or loaded over and above dimensions.

Appendix G should be added giving a specimen of the forwarding note as required under Rule 19, Chapter I.

Indemnity Bond. This is worded as if the same is always signed by the individual consignor or consignee and there is no provision for a firm of consignor or consignee to sign. In the absence of such a provision, the particulars required under the "father's name, caste, age, etc." in regard to such companies cannot be conformed. For the same reason the word "residence" should be changed to the word "address".

Chapter VII.

Many of the commodities have got special station-to-station rates in the Goods Tariff I B and it would materially help the users if a symbol is placed behind such commodities to indicate that the same has a special station-to-station rate.

APPENDIX 19

Seasonal Variations in Freight for Rice over B. B. & C. I. Railway

Letter No. 1998 *dated 22nd July* 1937 *from Chamber to the Traffic Manager, B. B. & C. I. Railway.*

The attention of my Committee has been drawn to the practice adopted by the B. B. & C. I. Railway, of quoting varying freight rates for rice at different periods in the year. Thus from 16th April to 8th June 1937 special rates were quoted for rice from Bombay (Carnac Bridge) or B. P. T. Railway stations to various stations in Gujerat. These rates were, however, increased with effect from 9th June 1937. To take a concrete instance, during the former period the freight per maund from Bombay to Baroda was Rs. 0-5-11 while for the same weight the freight quoted in the latter period is Rs. 0-8-1.

Obviously the reduced rate in the first case was quoted with a view to meeting competition from country crafts and when, owing to monsoon, this competition is absent the Railway has reverted to the higher rate. My Committee are of opinion that such variations in the rates are unfair to the trade. The Railway should all along quote a uniform rate and should not take advantage of the absence of competition at a particular period to raise the same at a convenient moment. The reduction once made to attract traffic to the Railway should be continued throughout the year. Such a policy will earn for the Railway the goodwill of the trade and consequently tend to larger concentration of the traffic in the hands of the Railway.

In any case, my Committee are against the policy of such variations in rates and suggest that the Railway should discontinue the system and quote a uniform rate throughout the year.

APPENDIX 20

Refrigeration Facilities over Railways

Letter No. 636 *dated* 5*th March* 1937 *from Chamber to the G. I. P. and B. B. & C. I. Railways.*

I am directed by the Committee of this Chamber to draw your attention to the difficulties in the way of the transport of perishable goods like fruits, vegetables, fresh butter, etc. on account of the want of refrigeration facilities on the Railways. If such refrigeration facilities are provided, my Committee are sure that it will give a fillip to the transport of agricultural products and be thus greatly helpful to agriculturists. Instances have come to the notice of my Committee where large quantities of agricultural products had to be destroyed as they could not be transported in the absence of such facilities. The Hon'ble Member for Commerce recently referred to a scheme for air-conditioning a few first-class bogies for the

convenience of a few first-class passengers. It will not be amiss at this juncture to consider this suggestion of refrigerating one or two luggage cars for giving the much-needed facilities to the transport of agricultural products.

My Committee hope that the suggestion will be favourably considered by you.

Letter No. ME6/37 dated 27th March 1937 from the General Traffic Manager, B. B. & C. I. Railway to Chamber.

I thank you for your letter No. 636 of 5-3-1937 which I regret, I have not replied earlier.

It is some years ago we considered this matter and built 2 Luggage Vans for this purpose. They were insulated and provided with containers for ice, but unfortunately they never proved a success; however in view of the advance made in connection with air conditioning vehicles, this matter will not be lost sight of.

I am interested in your remarks that instances have come to the notice of your Committee where large quantities of agricultural products had to be destroyed in absence of refrigeration on Railways.

I am unable to trace such complaints and would be very grateful to know the extent to which your information concerns this Railway.

Possibly it is more the exception than the rule since so much of the perishable produce we carry is not far distant from Bombay and it is transported to destination within a few hours of delivery for despatch.

APPENDIX 21

Special Tariffs for Selected Commodities—G. I. P. Railway

Letter No. R.C.2125 dated 11th February 1937 from the Chief Traffic Manager, G. I. P. Railway to Chamber.

As you will be aware, the G. I. P. Railway recently issued a special tariff containing the rates for full pressed cotton in operation over its system. It is the desire of the G. I. P. Railway to introduce further tariffs dealing with individual commodities or with groups of commodities, for it is believed that they are of advantage to the clients of this Railway. I would appreciate very greatly any suggestions you may care to make as to what further commodity tariffs could, with advantage, be issued. I enclose a copy of the cotton tariff already referred to as an example of the type of tariff that I have in view.

2. Any suggestions your Chamber or Association is pleased to make in regard to improvements in the type of tariff such as giving more detailed information will also be greatly appreciated.

Letter No. 807 dated 18th March 1937 from Chamber to the G. I. P. Railway.

I am directed to acknowledge receipt of your letter No. R.C.2125, dated 11th February 1937, and in reply to say that my Committee have considered the question of issuing special tariffs for further commodities or groups of commodities on the lines of the one issued for F. P. Cotton. As there appears to be a good movement of traffic in the following commodities, they would like to suggest that special tariffs be issued for the same :—

Cotton Piecegoods, Rice, Wheat and Wheat Flour, Oilseeds and Sugar.

APPENDIX 22

Freight Charges on Commodities with Wagon-load Classifications

Letter No. R.186/30-E/3 dated 22nd January 1937 from the Traffic Managers, G. I. P. and B. B. & C. I. Railways to Chamber.

In the present General Classification of Goods, 28 commodities out of about 1500 have reduced classifications when consigned in large lots or wagon loads. These reduced classifications were introduced, for the most part, 25 years ago in an attempt at simplification, as many railways quoted among their Exceptions and Variations reduced class rates for the movement of these particular commodities in large lots.

2. While the provision of the reduced classification did achieve its object and enabled such Exceptions to be cancelled, it has created an anomalous position in that it gives these commodities preferential treatment.

3. There are no special reasons why these particular commodities alone should have reduced classifications particularly as many of them refer to unimportant items of traffic which seldom move in wagon loads. The fact that so few are provided indicates that the principle of giving such rates has not been generally accepted by railways, and that it is not the intention to discriminate between the classification for small lots and wagon loads or between commodities.

4. While it may be argued that some inducement should be given to senders to consign articles in wagon loads, the present financial position of railways does not admit of recognition of a general principle of quoting reduced class rates in the General Classification of Goods for all commodities when consigned in wagon loads. Unless

and until such a general proposition could be accepted it is considered that the best method of remedying the present unsatisfactory position is to cancel the reduced classification for large lots or wagon loads now appearing.

5. The matter was considered by the Commercial Committee of the Indian Railway Conference Association, at their meeting held in July 1936, and they adopted the following resolution :—

(*i*) The Commercial Committee recommend that no reduced class rates with the "C", "C.C." or "W" condition should appear in the General Classification of the Indian Railway Conference Association Goods Tariff and that such rates as are quoted by individual railways should appear as Exceptions and Variations.

(*ii*) It is recommended that railways report to the next meeting of the Commercial Committee what reduced class rates they would wish to quote as Exceptions and Variations with "C", "C.C." or "W" condition.

6. The reports received from railways were examined by the Commercial Committee of the Indian Railway Conference Association at their meeting held in November 1936 and it was accepted by the majority of railways that upon the cancellation of large lot or wagon load classified rates, the classification of these commodities in any quantity should be revised as shewn in the accompanying statement, from which it will be seen that several reductions in rates are suggested in the case of small lots.

7. By deleting large lot or wagon load classified rates from the General Classification of Goods it is not the intention of railways to effect general increases in rates. So far as the G. I. P. and B. B. & C. I. Railways are concerned it is proposed to notify as Exceptions the existing wagon load or large lot classifications for those commodities which

are at present moving extensively at these rates, and in regard to other commodities station-to-station rates will be quoted where necessary on the basis of the present large lot or wagon load classifications.

9. This matter is to be considered again at the meeting of the Commercial Committee of the Indian Railway Conference Association to be held shortly and in the meantime we shall be glad to receive and give serious consideration to any observations your Chamber may offer.

9. Kindly arrange to send your reply so as to reach us on or before 15th February 1937.

Commodity.	Existing classification				Proposed classification for any quantity.	
	For wagon loads or large lots to be deleted.		For small lots.			
	R. R.	O. R.	R. R.	O. R.	R. R.	O. R.
Agricultural tractors Motor vehicles, N. O. C.	4 B (.72)	4 (.62)	7 (.83)	6 (.83)	7 (.96)	6 (.83)
Bamboos	2 (.42)	1 (.38)	3 (.58)	—	2 C (.54)	—
Biddies Cigarettes	4 A (.67)	4 (.62)	6 (.83)	—	6 (.83)	—
Biddy leaves	4 A (.67)	4 (.62)	6 (.83)	—	4 A (.67)	—
Canes, N. O. C. Rattans	2 A (.46)	2 (.42)	4 (.62)	—	4 (.62)	—
Chillies Garlic Ginger, green	2 A (.46)	2 (.42)	4 (.62)	—	4 (.62)	—
Earthenware or Stoneware N. O. C. other than in boxes, cases or casks Earthenware or Stoneware jars	2 A (.46)	1 (.38)	3 (.58)	2 B (.50)	3 (.58)	2 B (.50)
Fibres, unpressed Jute, unpressed	2 A (.46)	2 (.42)	4 (.62)	—	2 A (.46)	—

Commodity.	Existing classification				Proposed classification for any quantity.	
	For wagon loads or large lots to be deleted.		For small lots.			
	R. R.	O. R.	R. R.	O. R.	R. R.	O. R.
Fibrous materials for paper making, unpressed	2 (.42)	1 (.38)	3 (.58)	—	2 (.42)	—
Grinding mills, stone	2 A (.46)	2 (.42)	4 (.62)	—	2 B (.50)	2 A (.46)
Hides or pelts (not salted), common, dry Hides or pelts (salted), common, dry Hides, skins or pelts, common, wet Skins or pelts, common, dry	2 B (.50)	2 (.42)	4 (.62)	—	4 (.62)	—
Groundnuts	2 A (.46)	2 (.42)	4 (.62)	—	2 C (.54)	—
Marble, carved Marble monuments Marble tablets memorial	4 (.62)	—	6 (.83)	—	6 (.83)	—
Marble in blocks, pressed	2 (.42)	—	4 (.62)	—	4 (.62)	—
Sulphur	2 (.42)	1 (.38)	3 (.58)	—	2 C (.54)	—
Waste refuse	2 A (.46)	2 (.42)	4 (.62)	—	2 C (.54)	—

Letter No. 471 dated 18th February 1937 from Chamber to the Traffic Managers.

I am directed to acknowledge receipt of your joint letter No. R186/30-B/3 dated 20th/22nd January 1937. The Committee of this Chamber have been witnessing recently a tendency on the part of railways to increase the general traffic rates for the transport of goods. A few months back, on 2nd December 1936 to be more

precise, a list of about 200 articles was sent to my Committee for an expression of views with regard to the general increase in the class rates. My Committee strongly protested against that proposed increase. The suggestion under reference is that the concession given to about 28 articles should now be removed and instead of quoting wagon load rates, which means lesser rates, it is now proposed to put them in a higher classification. The introduction of the special rates for these articles 25 years back was done with very good reasons which were that there were certain articles for which wagon load rates should be quoted to increase the traffic and also because they were articles of importance to trade and agriculture. It is now agreed by you that the present financial position of the Railways does not admit of recognition of a general principle of quoting reduced class rates in the General Classification of Goods for all commodities when consigned in wagon loads. It is on this question that my Chamber and other Indian Chambers differ very strongly from the railways. It appears to be the policy of railways to increase the rates in times of financial stringency. On the contrary, what we all have been urging is that in times of financial stringency general rates should be reduced in order to attract more traffic. My Committee are of the opinion that a similar policy as is advocated by Indian Chambers is followed in some of the leading western countries.

It is stated in paragraph 3 of your letter that there are no special reasons why these particular commodities alone should have reduced classifications particularly as many of them refer to unimportant items of traffic which seldom move in wagon loads. In the first place, these articles are not unimportant and in the second place, if they are moving in small lots they are already paying the enhanced rates. But if they are moving in wagon loads and pay the concession rates, it is not at all adverse to the interests of the railways. From the list of articles it will be seen that agricultural tractors and motor vehicles N. O. C. are important to agriculture and bamboo, bidi

leaves, chillies, garlic, ginger, etc., are all agricultural products which need to be moved in the interests of the agriculturists at as cheap a rate as possible. There are again articles like bidi, cigaretts, earthenware or stoneware N. O. C., fibre, jute, etc., with which small industries are concerned and they should be given facilities as such industries require not only to be protected, but also developed. Hides and skin are also articles of great industrial and commercial importance and as such require the concession of the wagon load rates. Under the circumstances, my Committee are strongly of opinion that the concessions which are at present being given to all these articles for wagon loads should be allowed to continue and should not be removed.

APPENDIX 23

Railway Freight for Cattle (*Vide* Annual Report for 1936—Page 192)

Letter No. 3004 *dated* 24*th November* 1936 *from Chamber to Mr. Gordhandas G. Morarjee and Mr. R. P. Masani, representatives of the Chamber on the Local Advisory Committee of Railways.*

The Committee considered the accompanying letter from the Railway Board in reply to the Committee's request for concessional railway freight rates for dry and milch cattle. They have desired me to request you to ascertain from the $\frac{\text{G. I. P.}}{\text{B. B. C. I.}}$ Railway Authorities as to what they propose to do in the matter.

You will please do the needful at your early convenience.

Letter No. RC. 2203 *dated* 15*th January* 1937 *from the G. I. P. Railway to Chamber.*

With reference to letter No. 203-T dated 11-11-1936 from the Railway Board, I have the pleasure to inform

you that during the period from 1st June to 30th September 1937, dry buffaloes and cows, when despatched by goods train from Bombay to any station on this railway will be charged at a special rate of Re. 0-2-9 per 4-wheeled wagon per mile O. R. L. subject to a minimum charge of Rs. 5 per 4-wheeled wagon.

2. I shall be obliged if you will make this widely known.

Letter dated 23rd January 1937 from Mr. R. P. Masani to Chamber.

With reference to your letter No. 3004, of the 24th November 1936, regarding Railway Freight rate for cattle, I send herewith copy of letter No. T. 12/32-36/C.4 dated 13th January 1937, received from the Secretary, Local Advisory Committee, B. B. & C. I. Railway, intimating that for the reasons stated therein it is not possible to quote reduced rates for cattle from Bombay during the dry weather and that it is proposed to discontinue concession rates during monsoon months.

Letter No. T.12/32-36/C.4 dated 13th January 1937 from B. B. & C. I. Railway to Mr. R. P. Masani.

With reference to your letter dated 25th November 1936, I beg to state that it is not possible to quote reduced rates for cattle from Bombay during the dry weather, firstly because cattle wagons do not run empty at that time, and secondly because the Government Live Stock Expert does not approve of cattle being removed from Bombay except during the monsoon months.

With regard to the quotation of reduced rates during the monsoon, I enclose a statement showing the result of the concessions allowed in 1935 and 1936 as compared with figures for 1934 when no concession was allowed. It will be seen therefrom that this Railway has lost revenue by granting the concession, as it has caused no increase in traffic, and there is no reason to suppose that position will be different in future years.

It is true that cattle wagons leave Bombay empty during the monsoon months, and if reduced rates had the effect of creating new traffic in this direction, there would be some justification in quoting them, but a trial has shewn that this is not the case, and it is therefore proposed to discontinue the concession rates in future years.

Comparative statement showing the number of Buffaloes and Cows booked from Bombay, Bandra, Andheri and Borivli during the period 15th June to 15th October, 1934, 1935 and 1936 and earnings.

	1934		1935		1936	
	Nos.	Rs.	Nos.	Rs.	Nos.	Rs.
At Ordinary rate	3,874	24,219	1,018	3,508	263	945
At Concession rate	No concession was available.		3,667	20,800	3,376	17,698
Total	3,874	24,219	4,685	24,308	3,639	18,643

Letter No. 346 *dated 5th February* 1937 *from Chamber to Mr. Masani.*

Your letter of the 23rd January, together with a copy of the reply received by you from the B. B. & C. I. Railway, intimating the withdrawal of concessional freight rates for dry and milch cattle, was considered by the Committee at their meeting held on the 3rd instant. The Committee regret to note that the B B. & C. I. Railway authorities have taken such an unsympathetic attitude towards this question. You are no doubt aware that only recently the G. I. P. Railway have sanctioned concessional freight rates for dry cattle from 1st June to 30th September 1937 by goods train of 2 as. 9 ps. by 4-wheeled wagon per mile, OR/L, minimum charge for a wagon being Rs. 5. Similarly concessional rates are also given by the E. I. and E. B. Railways. The Committee, therefore, fail to understand the justification of the B. B. & C. I. Railway discontinuing the concession granted by them sometime back. Under the circumstances I am desired by the Committee to request you to kindly pursue the matter further and urge upon the Railway authorities not to withdraw the concession.

Letter dated 23rd June 1937 from Mr. Masani to Chamber.

With reference to the correspondence ending with your letter No. 346 of 5th February 1937 I enclose an extract from the precis of discussion at the B. B. & C. I. Railway Local Advisory Committee Meeting held on the 29th April last. The Chairman has agreed to meet representatives of the institutions interested in the question and I should be obliged if you would inform me whether in the event of the suggestion for a conference being approved, our Committee would like to nominate or ask the institutions concerned to nominate, representatives for the purpose.

12. Reduced rates for dry milch cattle.

The Chairman said that this was somewhat difficult problem and had attracted a good deal of attention lately. He explained that in response to representations from those concerned, this Railway introduced, in 1935, a reduced rate of 3 annas a mile per wagon instead of the usual rate of 4 annas for the transport out of Bombay of dry cattle. The concession was restricted to the monsoon season firstly because of the difficulty in allotting the necessary stock for the purpose at other times of the year and secondly because of the opinion of the Government Live Stock Expert against removal of dry cattle of Bombay except in the rainy season. The concession was given an extended trial during 1935 and 1936 but the result were unsatisfactory as would be seen from the following figures and it was therefore withdrawn—

1934. (No concession)		1935. (Concession)	1936.
3,874	At ordinary rate ..	1,018	263
	At concession rate..	3,667	3,376

i.e., the earnings on the number of cattle exported in each of the two years when the concession was in force was less than in 1934. The Chairman pointed out that the concession

instead of stimulating the traffic actually entailed a loss to the Railway which for 1936 was estimated at Rs. 6,000.

The Chairman mentioned that several Associations in Bombay and elsewhere, which were interested in the question, had recently approached the Railway Board asking for a reduction in rates of as much as 75 per cent. This was of course out of the question, as from the figures cited above there was no justification for the continuance of even the 25 per cent reduction. He said that the Railway would be only too glad to re-introduce the concession provided the traffic resulting would justify it. He expressed the opinion that there seemed to be no proper public organisation to deal with this question. Mr. Masani admitted this and suggested that, if the Chairman would agree, he would endeavour to arrange a meeting of representatives of the various institutions interested in the matter with representatives of the Railway. The Chairman agreed.

Seth Chamanlal G. Parekh referred to the concession recently introduced by the G. I. P. Railway for the carriage of dry cattle out of Bombay. The Chairman said he was not in possession of detailed information on the subject at the moment, but in any case, the G. I. P. Railway proposal was, he understood, an experimental measure.

APPENDIX 24

Freight on Stoneware Jars and Earthenware Crockery

Letter No. 3064 *dated* 12*th November* 1937 *from Chamber to the Genaral Traffic Manager, B. B. & C. I. Railway.*

The Bengal Potteries, Ltd., have forwarded to my Committee the correspondence that has passed between them and you, ending with your letter No. R. 221/24/233, dated 22nd September, 1937, regarding railway

rates for stoneware jars and earthenware crockery over the B. B. & C. I. Railway. From the comparative figures of rates given by the Company it is evident that the rates charged for the respective distances carried over the B. B. & C. I. Railway are much higher than the corresponding rates over the other railways concerned. To cite one instance: in the case of Ahmedabad the rate charged over your Railway for a distance of about 265 miles is annas 9-1 per maund, as against annas 12 per maund for distance of about 1000 miles (nearly four times the distance) over the B. N. and the G. I. P. Railways. The disparity is very significant and cannot be justified.

Again, it appears that the rates charged over your Railway for the same goods from Delhi to Bombay are much lower than those from Calcutta to Bombay.

Your contention that so long as the rates are equal by alternative routes, it is immaterial to the public, what rate is charged by a particular railway, does not really meet the case, in view of the wide disparity in the rates, referred to above.

My Committee beg, therefore, to request you to look into the matter and see what further reduction can be allowed for the distance over your Railway from Calcutta to stations in Ahmedabad and Baroda districts.

APPENDIX 25

Railway Insurance Charges for Treasure (*vide* Annual Report for 1936—Page 207)

Letter No. 6166-*T dated* 10*th May* 1937 *from Railway Board to Chamber.*

With reference to your letter No. 1153, dated the 23rd April 1936, I am directed to state that the Railway

Board understand that the Great Indian Peninsula and the Bombay, Baroda and Central India Railway Administrations have discussed the matter with your Chamber to ascertain fuller particulars in regard to your request for a reduction in the rates for insurance of treasure. I am to suggest that as the matter is one within the competence of Railway Administrations, it may now be settled in direct communication with them.

Letter No. CG.1/140 dated 18th May 1937 from G. I. P. Railway to Chamber.

With reference to the discussion between the representatives of your Chamber and those of the B. B. & C. I. and the G. I. P. Railway at the meeting held on 9-9-36 at the B. B. & C. I. Railway Offices, I have to state that on this Railway the rate of insurance for consignments of treasure (gold and silver parcels) has been reduced from Re. 0-2-0 to Re. 0-1-0 per cent on the declared value irrespective of distance subject to a minimum of Re. 0-8-0 per consignment with effect from 1-6-1937.

2. Will you please advise your constituents accordingly.

Letter No. R.181-23/36 dated 28th May 1937 from B. B. & C. I. Railway to Chamber.

It has since been decided not to make any change in insurance charges as enquiries made in this connection have shewn that it will not pay the extra expenses incurred in sending guards.

Letter No. 1599 dated 3rd June 1937 from Chamber to the B. B. & C. I. Railway.

I am directed to acknowledge receipt of your letter No. R.181-23/36 of the 28th May 1937 on the above subject.

In the meantime, my Committee have also received a letter dated 18th May 1937 from the Chief Traffic

Manager, G. I. P. Railway, communicating to them the decision of that Railway to reduce the rate of insurance for consignments of treasure from annas two to anna one per cent on the declared value, subject to a minimum of annas eight per consignment, with effect from 1st June 1937.

After this decision of the G. I. P. Railway my Committee are unable to appreciate your contention that reduction in rate over your Railway would not be justified as extra expense in sending guards would not be covered. In such matters it is highly necessary that two neighbouring railways should have some uniformity in practice and procedure and if it is possible for the G. I. P. Railway to comply with the request of my Committee, it certainly stands to reason that the same can be met by your Railway also. My Committee, therefore, hope that your Railway will be pleased to reconsider this question and to agree to a reduction in the rate on the lines as effected by the G. I. P. Railway.

APPENDIX 26

Motor Vehicles Insurance Committee

Letter No. K.1 dated 24th November 1936 from Secretary, Motor Vehicles Insurance Committee to Chamber.

I am directed to forward a copy of the Questionnaire* of the above Committee and shall be glad to receive the observations of your Chamber, if it wishes to make any, on any of the points raised therein.

Letter No. 186 dated 21st January 1937 from Chamber to the Motor Vehicles Insurance Committee.

I am directed to acknowledge receipt of your letter No. K.1 dated the 24th November 1936 together with a

* The questionnaire is not printed.

copy of the questionnaire issued by your Committee and to submit the views of the Committee of this Chamber on the same as under :—

My Committee have gone through this questionnaire and find that a good number of the questions relate to statistics and figures regarding registration of motor vehicles, such as cars, buses, lorries, accidents and prosecutions for negligent driving, etc. They feel that these questions may best be left to organisations and Associations directly interested in these questions and have, therefore, not replied to them seriatim.

With regard to the main reference to your Committee namely on the question of the desirability of enforcing compulsory insurance on motor vehicles in India, my Committee are of opinion that a system of compulsory insurance of third party risks for all motor vehicles, whether public or private, in India should be introduced. It is the considered opinion of the Committee that the additional insurance business that would thus be available should go only to companies registered in India with rupee capital, with majority of Indians on the Board.

With regard to the limit of compulsory insurance, my Committee do not wish to stipulate any figure because they feel that the same should be settled by Government after consulting motor trade and the insurance companies. In recommending this course my Committee hope that Government will take note of the public interest concerned and will fix such limits as would adequately safeguard the same. They have seen it suggested in some quarters that the limit for compulsory insurance for third party risks should be between Rs. 5,000 to Rs. 10,000 per accident. As stated above, while my Committee have no desire to offer any suggestions regarding this, they feel that the limit of Rs. 5,000 at any rate is too low. While considering this question the attention of the Committee has been drawn to the great danger and menace to the public which is involved in allowing half-trained and inexperienced drivers to ply heavy motor vehicles as also private cars. In this connection,

my Committee would strongly urge that the present licensing tests of drivers should be made more rigorous and effective in the interests of the public and licence should be issued to those drivers who have passed through these newly framed tests. A register of such licensed drivers should also be maintained.

My Committee do not wish to tender any oral evidence.

APPENDIX 27

International Tele-Communications Conference, 1938

Letter No. 2229 dated 14th August 1937 from Chamber to the Secretary to the Government of India.

The Committee of this Chamber understand that the International Radio Conference will be held at Cairo on 1st February 1938, when various proposals affecting the Shipping Industry, such as the question relating to Mate Operators and qualification in regard to conditions of Wireless Operators, the question in regard to conditions to be observed in connection with Mobile Stations, Wireless Telephony, etc. will come up for consideration at that Conference. It appears that at a meeting of the Wireless Committee of the International Shipping Conference held in Paris on the 12th June 1937, an opinion was unanimously expressed that each maritime Government should include a shipowner in their national delegation. In view of the far-reaching importance of the problems referred to herein affecting the Shipping Industry, my Committee beg to request the Government of India to be pleased to include a representative of Indian Shipping in their delegation to the Cairo Conference, just as other maritime Governments propose to do.

Letter No. W-4616 dated 17th September 1937 from Government of India to Chamber.

In reply to your letter No. 2229 of 14th August 1937, I am directed to say that the Government of India

have considered the matter, but they regret that they are unable to agree to the inclusion of shipowner in their official delegation. Even those private enterprises which are recognised by the Madrid Convention participate only "in a consultative capacity" and the national shipping interests of the various countries do not appear to fall within the definition of "private enterprise" given in that Convention.

APPENDIX 28

Postal and Telegraphic Rates between India and Burma

Telegram dated 10th March 1937 from Chamber to Government of India, Department of Industries and Labour.

Committee Indian Merchants' Chamber strongly and emphatically protest against proposed enhancement of Postal and Telegraphic Rates between India and Burma. Commercial community in particular and public in general deeply concerned with such heavy increase which will come in way of continuance Indo-Burmese fraternal and business relations and will prove heavy handicap against trade and industries and against literacy. The Post card is a poor man's privilege and a solace and looking to number of Indians in Burma particularly labour classes the exorbitant increase will inflict heavy blow on these poor classes and deprive Indians in Burma and their relations and friends in India of all means of communication. Indian Postal charges retained with regard to Ceylon and Aden and there is no reason why the same policy cannot be pursued with regard Burma also. The spirit of Indo-Burmese Trade Agreement should have prevented Government from making any increase in Postal and Telegraphic rates. Committee again appeal to Government of India to get withdrawn these exorbitant rates and continue old Postal and Telegraphic rates between India and Burma—Inchambu.

APPENDIX 29

Postal Holidays on days which are not Bank Holidays

Letter D. O. No. 2534 dated 14th September 1937 from Mr. J. K. Mehta, Secretary to G. V. Bewoor, Director-General of Posts and Telegraphs.

The Postal Department has declared that Saturday, the 4th December 1937, would be observed as a postal holiday in most of the provinces on account of Ramzan Id. In this connection, it has been brought to our notice that the day in question is not a Bank holiday. It appears that Id falls on Sunday, the 5th idem, and hence, at any rate in Bombay and Madras so far as my informatian goes, the day in question is not a holiday under the Negotiable Instruments Act. You will appreciate that the commercial community will be very much inconvenienced if the Post Offices are not kept working on such days, when all public offices and business houses are working. Let me make it clear that we are not opposed to holidays being given to Id or any other festival or religious occasion. What we wish to stress is that such Postal holidays should invariably coincide with Bank holidays and that the Postal Department should not have separate holidays. Perhaps, if Postal holidays are fixed annually after obtaining the Bank holidays declared by the various Provincial Governments such a clash may be avoided.

Will you kindly look into this matter?

Letter D. O. No. IM-824/36 dated 12th November 1937 from Mr. Bewoor to Mr. Mehta.

Will you kindly refer to your D. O. letter No. 2534 dated the 14th September 1937, suggesting the cancellation of the Post Office holiday notified for observance on the 4th December 1937 on account of Ramzan Id in the Bombay Circle?

Post Office holidays are actually fixed by us only after obtaining a list of the Bank holidays declared by all

Provincial Governments and you will find that normally, Post Office holidays are all Bank Holidays though all Bank Holidays are not Post Office Holidays. This year, the position was somewhat peculiar as the Id was expected to fall on a Sunday. Some Provincial Governments declared the previous day, viz. 4th December as a holiday for Id, but others did not. We felt that it would not be correct to deprive the important Muslim Community among our staff of a holiday and in order to maintain uniformity in all Circles so far as possible, we fixed the 4th December as a Post Office holiday all over India. We felt that as this was a Saturday the inconvenience caused to the business community would not be quite so serious. I do not expect that such instances would be of frequent occurrence and we will bear in mind in future the general considerations you have advanced.

APPENDIX 30

Delay in Mails from Bombay to Basrah

Letter No. 1462 *dated* 20*th May* 1937 *from Chamber to the Presidency Postmaster, Bombay.*

My Committee have received a complaint regarding recent delay in the despatch of mails from Bombay to Basrah. There is a fast service from Bombay to Basrah leaving on Tuesdays reaching Basrah within 8 days and another slow service leaving on Wednesdays and reaching after about 20 days. They are infomed that till recently mails from Bombay were being sent by the fast service, but it appears now they are being invariably sent by the slow service. If the above information is correct, my Committee would like to be enlightened as to the reasons which necessitated such a change in procedure.

My Committee have heard it suggested that the slow service is being made use of for the purpose of despatch of mails with a view to bring about indirect pressure on the

user to make increased use of the air mail service. My Committee would like to be assured that there is no justification for the above fears and that the change in procedure was not resorted to for any such purpose. At any rate, in order to remove such fears it is necessary that the public should have information explaining the change over to the slow service. My Committee would like to hear from you in the matter at your early convenience.

Letter No. FM–160/36 dated 9th November 1937 from the Director-Genaral of Posts and Telegraphs to Chamber.

With reference to your letter No. 1462 dated the 20th May to the Presidency Postmaster, Bombay, which has been transferred to this office for disposal, I am directed to say that the fast Gulf Mail Service was discontinued with effect the last April 1937 and the slow Gulf Mail Service to Basrah, which was fortnightly, was made weekly. In addition to this service there are at present two direct air mail services in a week for those who desire special acceleration of their mails from Karachi to Basrah. As you are aware, the Empire Air Mail Scheme will probably come into effect at the beginning of next year, and letters and postcards for countries participating in that scheme will be despatched five times a week by air as the normal means of transmission instead of by the surface route as at present. A uniform rate of postage of 2½ annas per ½ ounce in respect of letters for those countries will then be introduced.

In view of this consideration set out above, it was decided to abolish the fast Gulf service and the Director-General trusts that your Committee will agree that in the circumstances no other course could reasonably be pursued.

I am directed to express the Director-General's regret for the delay that has arisen in replying to your letter, but as matters as a whole were under discussion owing to the many points raised in connection with the Empire Air Mail Scheme, it was not feasible unfortunately to reply earlier.

APPENDIX 31

Design of Business Reply Cards and Envelopes

Letter No. IM-1291/36/T1 dated 5th July 1937 from the Director-General of Posts and Telegraphs to Chamber

I am directed to say that hitherto no standard design has been fixed by this Deparment for Business reply cards and envelopes, and consequently there has been an absence of unformity, in the stationery adopted for use by the business public, in different Postal Circles in the country.

It has been noticed also that in certain instances sufficient prominence has not been given to the indications on such stationery, with the result, that handling in transit is not as quick as it should be. It is under contemplation in the circumstances to fix a standard design for Business reply cards and envelopes as in the specimen copies enclosed (*not printed*) and the Director-General will be much obliged by an expression of $\frac{\text{the views of your Chamber}}{\text{the views of your Association}}$ on this matter.

It may be mentioned in this connection that this Department will not place these Business reply cards and envelopes on sale, but we merely prescribe that firms and others using this system must conform to the standard designs.

It has been advanced that this may cause additional expense to intending users, but in view of the advantages to be derived from uniformity it is thought that this item of probable additional expense will not outweigh the advantages attendant on a standard design.

Letter No. 2011 dated 23rd July 1937 from Chamber to Director-General.

I am directed to refer to your letter No. IM-1291/36/T1 of the 5th instant and in reply to inform you that my Committee approve of the standard design proposed by your Department for Business Reply Cards and Envelopes as in the specimen copies enclosed.

My Committee would, however, like to suggest that such Business Reply Cards and Envelopes should, if possible, be placed on sale at the Post Offices. On occasions it may not be convenient or possible for the users of this facility to get immediately such cards or envelopes printed and if the same are made available at Post Offices, it would be an additional facility for the users of this service.

APPENDIX 32

Stamping Delivery Time on Post Cards

Letter No. 1955 *dated* 14*th July* 1937 *from Chamber to the Presidency Postmaster, Bombay.*

The attention of the Committee of this Chamber has been drawn to the procedure which has been recently adopted by you of not stamping postcards at the Delivery Office. Both the Despatch Office and Delivery Office stamps are necessary not only to test the time when the postcards were received by the postal authorities and sent by them, but this stamping may also serve and it does serve, in many cases, specially commercial, as legal evidence. My Committee cannot understand why it has been thought necessary to change this procedure and to discontinue stamping at the Delivery Office. My Committee will be obliged if you will be kind enough to explain to them the reasons, and in the meanwhile, they are of opinion that the old system must be continued in the interests of both the efficiency of the postal administration and in the interests of trade.

I am enclosing herewith a postcard which was despatched on the 26th June and which was actually received by the addressee on the 28th June at 11-0 A. M., which means that there has been a delay of one day. With regard to such communications, it will be difficult under the new procedure to find out when the letter was actually received

by the addressee and there is likelihood of there being constant friction on this core.

Letter No. 11711/26 *dated* 10*th August* 1937 *from the Presidency Postmaster to Chamber.*

In continuation of this office letter of even number dated the 21st July 1937, I have the honour to inform you that your complaint has been noted. It will be taken into consideration when a report is made to the Director General of Posts and Telegraphs in the matter.

2. The postcard received with your letter No. 1955 dated the 14th July 1937 is returned herewith.

APPENDIX 33

Reduction in Telephone Charges

Letter No. 2749 *dated* 5*th October* 1937 *from Chamber to the Bombay Telephone Company.*

I am directed by my Committee to address once again the Board of the Bombay Telephone Company on the question of reducing the scale of charges for the Telephone service. My Committeee had occasion last to address the Board on the subject in the year 1935. As, however, the Company had made certain reductions in charges early that year, my Committee did not pursue the matter further then, but decided to wait for some experience of the working after the reductions and the financial results thereof.

2. In referring to the 1935 reductions, the then Chairman of your Board, Mr. E. J. Bunbury, made the following remarks in his address to the Shareholders of the Company at the 13th General Meeting held on 29th March 1935:

> "It is estimated that the cost to the Company of the above reductions will be double the amount

involved in the increase of one per cent in our dividend this year. We believe, however, that by making these reductions combined with our efficiency condition in the interests of the general public, we shall bring the telephone within the means of a wider section of the public and we hope to *recoup some of the revenue* (italics ours) so returned to subscribers by attracting a large number of new connections."

Again, in your letter No. G., dated 5th June 1935, addressed to me you observed:

> "My directors, in making the reductions announced recently made the greatest reduction they could possibly contemplate at the time and they believe that you will agree with their view when I say that they resulted in a drop in the rate per annum at which the Company's revenue is accruing of about Rs. 2,60,000, which is more than 2½% on the share capital of the Company on which the dividends hitherto paid have only averaged about 4½%."

The implication obviously was that your directors all along feared that the reductions in question would mean a deterioration in the net revenue of the Company from subscriptions and that the probable increase in the number of subscribers, at the reduced rates, would not, at any rate, be adequate to bridge the gap. The actual results, however, are now available and my Committee venture to suggest that the same must have been something of a pleasant surprise to your Board. The position is as under :—

Year.	No. of Exchange and private lines working.	Revenue from subscriptions.	Net Income.
		Rs.	Rs.
1934	13,211	35,22,728	32,41,005
1935*	14,785	36,48,545	33,94,336
1936	16,307	40,23,172	36,91,279

*The reductions took effect from 1st March 1935.

The above figures tell their own tale and any comments are superfluous. My Committee had all along contended that in the matter of such essential services the initial loss, if any, accompanying any substantial reductions in the tariff would be adequately counter-balanced by the increase in the number of users.

3. The above experience encourages my Committee to expect that the Board would now give more reasonable attention to a demand for a substantial reduction in the charges. It is necessary, at this stage, to point out that the 1935 reductions were in fact no reductions. In the year 1922 the charges for the service were considerably increased and before the Company can seriously claim any credit for having effected reductions, the charges should be restored to the 1922 level. The variations in the charges were as under :—

Telephone rates per annum

	Pre-war.	in 1922.	From 1922 to Feb. 1935.	From 1st March 1935.
	Rs.	Rs.	Rs.	Rs.
Business Line	200	250	300	280
Residential Line	100	135	200	180

4. My Committee are aware that between these periods of years there have occurred various changes in the constitution or organisation of the Company or companies operating the telephone service in the City. They, however, believe that such changes do not affect the basis of the above comparison.

5. After the year 1927 the rate of dividend payable to shareholders of the Company was increased on four occassions, viz.,

from 2%	per annum in	1927	to 4%	in 1928
,, 4%		1928	6%	1929
,, 6%		1930	7%	1931
,, 7%		1933	8%	1934

During all these stages only once, viz., in 1935, did your Board think of any concessions to the users of the service. It is an axiomatic doctrine that in such public utility services the prosperity of the Company should be shared by the proprietors with the consumers. In the opinion of my Committee, the Bombay Telephone Company cannot claim to have so shared its prosperity.

6. I am, therefore, directed by my Committee to convey to your Board their strong conviction that the present scale of charges of the Telephone Company are very high, that the same will permit of substantial reductions and that the initial loss in revenue, if any, to the Company consequent upon such reductions would be compensated, after the necessary time lag, by the increased number of subscribers at the reduced rate. My Committee also consider it their duty to acquaint your Board that there is a wide-spread feeling that the charges of the Company are unnecessarily high and it would not be desirable in the interests of the Company to allow such a feeling to grow. It is no reply to this to be told "that the mere fact that there has been the expansion in the number of lines..... seems to indicate clearly that the public find good use for the service at the prices charged for it". When an essential service is worked under an exclusive licence, the service gets a minimum number of users irrespective of considerations of charges. Moreover, business methods are becoming more modernised day by day and the wider use of the service is attributable partly to such changes in the methods. It would not, therefore, do for your Board to form conclusions that the progressive increases in the number of your subscribers is a direct index of the popularity of your charges or policy. My Committee hope that your Board would give this matter their earnest consideration and would be pleased to announce at an early date substantial reductions in the scale of charges for the service.

7. Having stated their case for a general reduction in tariff for the telephone service, my Committee now wish to make some suggestions in respect of certain individual items:

(1) **Hand Microphone :** The Company is charging Rs. 10 extra for the supply of this instrument. My Committee presume that this charge is collected from a subscriber only for the first 4 years after the supply of the instrument. The Company claims that it is making "no charge for installation". The telephone apparatus is part of the installation and the microphone is but a part of the apparatus. The Company by implication is bound to supply this microphone without any extra charge. Again although on *each machine* the Company ostensibly expects to collect only Rs. 40 in four years, as a matter of fact it is, in many cases, realising more. My Committee are referring to the cases of instruments of such subscribers who at the end of one, two or three years may discontinue the service. The same machines are again naturally put into use for new subscribers and continue to fetch the annual rental of Rs. 10 for a fresh term of four years. An interesting instance of such extra collections on a handy machine is provided by the case of the temporary installations in connection with the recent elections. The subscribers, for the use of the handy machine for a day, were asked to pay this extra ten rupees ; my Committee dare say that all those microphones are again in use and hence earned a fresh amount of rental for the same year. My Committee suggest that the system of extra charge may now be discontinued and that all subscribers be supplied with hand microphones free in the ordinary course. If from an administrative point it is inconvenient to supply on a given date the new appliance for all subscribers, some acceptable scheme to supply it gradually, for instance, in the order of priority or seniority, may not be difficult to devise.

(2) **Charges for Longer Cords :** Your Company charges Rs. 11 extra if a three-yard bell set cord is supplied with an instrument ; Rs. 21 if a five-yard cord is required and Rs. 36 extra if a eight-yard cord is supplied. My Committee had occasion in 1930 to point out to the arbitrary nature of the above rates, out of any relation to the service performed or cost incurred. At that time you defended the charges on technical reasons connected with

the efficiency of the service. You also observed that the "Company has no desire to benefit from payments made by subscribers in respect of long cords....." When a subscriber pays for a longer cord, the cord shall be deemed the property of the subscriber and if within the subscription year the connection is discontinued and a fresh connection given to the same subscriber at a different place or at the same place, the cord, for which the subscriber has paid, should be available for use free in the new connection and the "Company should not desire to benefit" from a fresh charge for the cord. An instance in which the Company has so desired to benefit by the supply of a long cord has come to the notice of my Committee in somewhat similar circumstances as referred to above. The question of a general reduction of the scales fixed for extra length cords should be considered.

(3) **Plug and Jack Fittings :** This facility does not seem to be very much in use in Bombay. The high charges are responsible for the same. The Company is charging Rs. 30 extra per annum for this type of fitting. The only additional expenditure to the Company is in the small extra installation and wiring ; the apparatus is the same. For this extra wiring a charge of Rs. 30 per annum is certainly indefensible. My Committee suggest that the recurring charge be completely abolished and, if your Board are not agreeable to the same, the charge for this facility be substantially reduced.

(4) **Charges for Removals :** Charges fixed for removals are also very high, out of any relation to actual expenditure including charges for service involved. Particularly in regard to removals within the same room and in the same building, which ordinarily do not involve much of fresh installation or work, the case for a reduction is irresistible. In such matters the Company should recover only the actual expenditure likely to be incurred by the Company and the charges should not include a margin of profit.

8. Before they conclude this communication, my Committee would like to refer to a statement made in your

letter dated 3rd July 1936. In commenting on their comparing your scale of charges with the scale of charges of the telephone service operated by Government in Delhi and Cawnpore, you observed that "you will appreciate that the financial results of the rates charged by Government are not known." My Committee have had correspondence on this point with the Director-General of Posts and Telegraphs, and the following from a letter addressed by him to me will be of interest to your Board:

> "..... I am directed to inform you that the present revised Telephone rates have been fixed after a detailed investigation of the cost of the telephone branch of this department as a whole including all over-head charges, and the total revenue derived from these rentals provides an adequate return on the capital invested."

There is therefore no reason to suppose that the charges fixed by Government for the telephone service at Delhi or Cawnpore are not economic.

9. My Committee, in conclusion, request that your Board should give this question of reductions in charges for the telephone service their serious consideration. It would not be out of place to draw pointed attention to the feeling extant in the country that a public utility concern should not be considered free to the same extent as ordinary business enterprises to make and distribute profits out of its operations. Any surplus profits after distribution of dividends at a rate which may be considered fair for such utility undertakings, should be utilised for the purpose of reducing charges and providing more amenities. My Committee hope that taking all the circumstances into their consideration your Board will be pleased to accept the suggestions set forward herein.

Letter No. G.R.3 dated 8th December 1937 from the Telephone Company to Chamber.

I am directed to refer to your letter No. 2749 dated 5th October 1937.

My Directors are unable to accept the contention that the 1935 reductions were in fact not reductions. As pointed out in the Compay's letter dated 3rd July 1935, there can be no comparison between the value of the service under the old magneto telephone system and the value of the existing service and, for this reason, the charges for the latter.

It seems almost certain that had the Company not reduced its charges in 1935, it would have been possible to pay a higher dividend than has been paid and I am to remind you that the average dividend paid by the Company hitherto has been 5.34%.

My Directors are of the opinion that in existing circumstances the charges cannot fairly be said to be high nor do they consider that any reduction can wisely be made at the present time.

With regard to the specific charges to which you refer, I am to offer the following comments:—

Hand Microphones.

It would be quite impracticable whenever an improved type of instrument is invented to install it on all subscribers' lines without any increased charge, as to do so would involve the loss of the value of the instruments in use at that time. It would be just as reasonable to suggest that every purchaser of a motor car has a right to have it replaced by the next model produced without further charge.

The policy of charging some small extra sum for an improved type of instrument is both sound economically and fairest to the subscribers concerned. The subscriber who desires the facility can have it at a reasonable extra cost; the subscriber who does not wish to pay the extra sum can still have the use of the old pattern instrument without any additional cost to him.

If my Directors felt that a reduction in charges could be made under any heading at the present time, they would still be inclined to the view that the standard rate of charges should be reduced rather than the charge for Hand Microphones, in order to give those who are less able or less willing to pay for the latter, the chance of the service at a cheaper rate.

I would point out that a similar charge has been found necessary elsewhere in India as well as in America and England.

I would also remind you that the Company has reduced the standard rates by much more than the amount of the special charge for the use of the Hand Micro instruments, so that subscribers are not only in fact not being charged more for the use of the Hand Micro Telephone instrument, but they are being charged less while having the benefit of the Hand Micro instrument or still less if they do not wish to use that instrument.

Charges for Longer Cords.

Plug and Jack Fittings.

In this connection I have to point out that both Plug and Jack Fittings and any length over the normal cord are conducive to a lower efficiency in the service and the Company does not recommend either. The subject of long cords has already been dealt with at some length in the Company's letters dated 5th March and 16th April 1930.

Charges for Removals.

You appear to be under a misapprehension. The charges are below the average cost of removals as will be seen from the latest test figures in respect of a period of two months when special costs were kept of all the removals comprising 333 Works Orders. Leaving out materials on which obviously there must be some loss, the total cost of labour, out of pocket expenses and supervision amounted to Rs. 5861-6-8, and the amount charged to subscribers to

Rs. 3,206-4-0, a loss of Rs. 2,655-2-8 being thus incurred during these two months.

Tests of this kind are made from time to time and have always in the past shown that the charges made are less than the costs incurred.

With reference to paragraph 8 where you refer to the Government scale of charges, you will appreciate that apart from such factors as Royalty paid by the Company to Government and Wayleaves paid to Local Authorities, etc., it is difficult to arrive at any proper conclusion because the scales of charges are fixed in totally different ways as will be seen from the following comparative figures :—

	Government Rates.		**Company's Rates.**	
	PARTY LINES.			
	**Monthly Installation charge Rs. 10*	*Yearly*	*Monthly No Installation charge*	*Yearly*
	Rs.	*Rs.*	*Rs.*	*Rs.*
Within :				
3 mls. of Exchange	12	144		
3½ ,, ,, ,,	17	162	12	135
4 ,, ,, ,,	19	180		
	RESIDENTIAL LINES.			
	**Monthly Installation charge Rs. 10*	*Yearly*	*Monthly No Installation charge*	*Yearly*
	Rs.	*Rs.*	*Rs.*	*Rs.*
Within :				
3 mls. of Exchange	20	192		
3½ ,, ,, ,,	23	216		
4 ,, ,, ,,	26	240	16	180
For every half mile over 4 mls. from Exchange ..	4	36		

BUSINESS LINES.

	*Monthly Installation charge Rs. 10	Yearly	Monthly No Installation charge	Yearly
	Rs.	Rs.	Rs.	Rs.
Within:				
3 mls. of Exchange	20	192		
3½ „ „ „	23	216		
4 „ „ „	26	240	25	280
For every half mile over 4 miles from Exchange ..	4	36		

*Government monthly rates are subject to discount of 10% for prompt payment.

It does not unfortunately follow that substantial reductions in a tariff can always be adequately counterbalanced by the increase in the number of users and it is perhaps essential to bear in mind that even a reduction of Rs. 10. per subscriber for an exchange line per annum would result in a decrease in the gross revenue of over Rs. 1,70,000 per annum. My Board have always held the view that the possibility of reduction of charges requires examination from time to time and this is done. To ensure that the matter receives adequate consideration my Directors have decided that the matter shall in any event be reviewed each year when the annual accounts have been completed.

I am to assure your Committee that the Directors will not lose sight of this question.

Letter No. 3476 *dated* 18*th December* 1937 *from Chamber to Telephone Company.*

I am directed by my Committee to acknowledge receipt of your letter No. G.R.3 of the 8th instant. While they feel disappointed at the decision of your Board not to effect any reduction in the charges for the service, my Committee note the assurance contained in the last two

paragraphs of your letter. In view of the assurance, they do not wish, at this stage, to pursue the matter further or to reply to the various points raised in your letter, but would await with interest the result of the proposed review after your annual accounts for the current year have been completed.

2. I am however directed on this occasion to reiterate the suggestion made by my Committee for a reduction in the charges for the supply of longer cords. The technical issues involved in the suggestion that longer cords are conducive to lower efficiency were discussed by my Committee at length in their letter to your Company, dated 2nd April 1930. Some of our members, who have had longer cords attached to their apparatus, inform my Committee that in their long experience of the service rendered by such cords, there is nothing to give support to a general assertion of such lower efficiency. Apart from such technical considerations, the issue requires to be considered from a broader aspect. If the efficiency of service of longer cords is so impaired as to necessitate their renewal or replacement of the cords, the Company is making a fresh renewal charge. It is not, therefore, necessary, in the opinion of my Committee to keep the initial charges at a disproportionately high level giving an impression in the public mind that the charges in question are fixed arbitrarily out of any relation to the cost of the extra lengths or the services performed. My Committee submit that it would be in the interests of your Company to remove this public impression by reducing the charges for longer cords. After all, the financial effect of any such reduction is, having regard to the number of users of extra length cords, not going to affect the Company materially, and both business considerations and consideration of the need for having a satisfied clientele point out to the desirability of action by your Board acceding to the public demand for a reduction in the charges for longer cords.

3. Again, the point raised by my Committee in the concluding portion of paragraph 7 (2) of their letter of the 5th October 1937 has not been dealt with in your reply :

'When a subscriber pays for a longer cord, the cord should be deemed to be the property of the subscriber and if within the subscription year the connection is discontinued and a fresh connection given to the same subscriber at a different place or at the same place, the cord, for which the subscriber had paid, should be available for use free in the new connection and the Company should not desire to benefit from a fresh charge for the cord. An instance in which the Company has so desired to benefit by the supply of a long cord has come to the notice of my Committee in somewhat similar circumstances.'

My Committee are pressing this point in view of the principle involved and would like the Company to recognise the position that when a subscriber pays for a longer cord, a price which includes the cost of the extra length and the charges for the services performed, at any rate, the property in the cord should vest in the subscriber.

II.—FINANCE, TARIFF AND TAXATION

APPENDIX 34

Government of India Budget: 1937-38

Letter No. 609 dated 2nd March 1937 from Chamber to Government of India, Finance Department.

I am directed by the Committee of this Chamber to send hereby their views on the Financial Statement of the Government of India for the year 1937-38 submitted by the Hon'ble the Finance Member to the Legislative Assembly on Saturday, the 27th February 1937. Before dealing with the different issues raised in the Financial Statement, my Committee would like to observe that the Budget Statement should cover more adequately the problem of India's finances specially with regard to world factors from the impact of which India is not free.

2. The revised figures for the current year, 1936-37, show that the small estimated surplus has been actually turned into a fairly big loss of Rs. 1,97 lakhs. The revenues of the country are gradually going down and if we take the estimated revenue for the next year it will be found there is a drop of about Rs. 4 crores during the four years. While the revenues are thus going down the expenditure is still kept up at the same high level and it is apprehended that with regard to the Military budget on account of the war scare and the consequent re-armament programme, there may be, instead of any decrease, a big rise in near future. My Committee have repeatedly stressed the importance of examining the expenditure side very closely and effecting retrenchment as far as possible in the different items. They desire to emphasise that the time has now come when the expenditure of Government of

India should again be examined by a responsible Committee of Enquiry, as was done in 1923 by the Inchcape Committee, particularly as the scrutiny in 1931 when different Committees were set up to examine the different items of expenditure did not bear any marked or permanent result.

3. Last year the Finance Member observed that the telephone receipts manifested a definite spurt in the last quarter of the year, as also did the profits from small coinage owing to increasing demand for this means of payment, as well as the receipts from income-tax, and that these were a sure sign of increasing prosperity. These items, particularly income-tax and currency have shown a definite decline during the current year, which shows that the calculations for the Budget on all these factors proved wrong. This makes it very important to determine whether the country is growing more prosperous and can continue to bear existing burdens.

4. The financial position of the country may have to pass through still more critical times owing to the new Reforms, under which subventions have to be given to different Provinces creating thus a permanent burden on the Central Revenues. The Hon'ble the Finance Member observes that "the falling off from our hopes of an year ago is bound to make us re-examine with some care the foundations on which the Niemeyer proposals for subventions and allocations of revenues to the Provinces rest." The Committee of this Chamber condemned the Niemeyer recommendations on the ground that they were grossly unfair to industrial Provinces like Bombay and that they were taking away money badly required for nation-building departments, to bolster up new and rustic authorities in outlying districts in unwanted form in order to carry out the vicious policy of creating new Provinces. Similarly by going counter to public opinion, both in India and Burma, the separation of Burma has done no good either to this country or to Burma. To this country at least it has proved to be a much heavier burden than official estimates led the public to believe at one time.

5. The business community in the country is greatly upset at the proposal to increase the excise duty on sugar. The sugar industry, though it has made vast strides during the last few years, is still a new industry, and it would be sheer shortsightedness to consider that it would be able to stand any amount of taxation placed upon it. While some of the older factories may have made good profits during the first few years, internal competition and other factors have already been casting a shadow over the apparent prosperity of this industry. Any increase in the excise duty at this stage will be simply disastrous to the industry. My Committee have been opposed on principle to any excise duty whatsoever on industries, and must condemn an increase in excise with regard to an industry like the sugar industry, whose growth has been long asked for by this country and which it is now become possible so as to render India self-sufficient in just one article of industrial product. My Committee beg to record their strong and emphatic protest against the proposal which spells extravagant finance. The import duty at the same time is not being increased to the same extent as the excise duty and this will facilitate imports of sugar into the country, which otherwise are showing signs of disappearance altogether. Under all these circumstances, my Committee are opposed to both these suggestions of increase in the excise duty and re-arrangement of the import duty. The question of protection to the sugar industry is being referred to a Tariff Board, and it is neither right nor fair that steps should be taken in connection with this question before even the Tariff Board is appointed. Surely, Government can well wait for one year more for taking any action with regard to sugar.

6. My Committee are afraid that the Hon'ble the Finance Member seems to be bent on changing the tariff policy of the country. This policy formulated some years back is the policy of discriminating protection, and the Finance Member "stresses 'discriminate' rather than protection", to quote the words of an ex-Judge of the Bombay High Court. What the public of the country

want is not discriminating protection, but a full-fledged protection, which will give to the industries that help which they are in need of and enable them to stand up against the onsalughts of foreign industries. My Committee have been feeling that a lot of irrelevant matter is introduced in the discussions about the policy of protection. There is no question of diminishing returns with regard to protective duties. When duties are imposed not for purposes of revenues but for purposes of protection, it is presumed that the import of that particular commodity will be gradually so reduced as to eliminate it altogether at the end of a given period. In fact the very objective of a real, bona fide and genuine protective policy is to substitute indigenous products for imported ones, thereby inducing self-sufficiency. Several countries which have adopted a protective policy have imposed duties ranging between 100 and even 500 per cent and thus have practically wiped out the imports of articles in which they wanted to develop local industry.

7. No restriction is placed on the export of gold, despite the almost unanimous commercial opinion that such continued exports should be restricted. This has meant a drain of what every country considers its essential reserves as also a drain of the capital resources of the people. Government consider gold as a mere commodity and apparently have no objection to allowing large stocks to get away from this country. The imposition of an import duty on silver is objected to by my Committee on principle and any increase in this duty will mean that the people will be precluded from acquiring this precious metal. From time immemorial the Indian people have been in the habit of investing their savings in silver and gold and with gold going out of the country it should not be made impossible for the people of the country to get their silver requirements. In short, the country should not be deprived of its capital resources in the form of gold and silver by allowing on the one hand gold to leave the country and on the other hand by placing handicaps on the imports of silver.

8. With regard to the proposal for changing the basis of Postal rates for book-post, my Committee are not in favour of the change in the unit of minimum weight along with the reduction. The reduction, if it is to be any reduction, should have been based on the old unit of 5 tolas. Regarding the other proposal, viz. for parcel rate, the increase of the minimum charge from 2 annas to 4 annas would seriously affect the business community. My Committee take this opportunity of pointing out that Government should at the earliest try to revert to the old half-anna post card, which was one of the most precious possessions of the poor man and which paved the way for increase in literacy. The half-anna post card and an absolute reduction in book-post rates are the very essentials for educational and literary progress of the country, and it is hoped that Government will place the claims of these two above those of everything else when the time for distribution of surplus, if any, comes in the near future.

9. The Indian commercial community have always desired that the lot of the agriculturists should be improved and that this should be brought about by raising prices by the abandonment of Government's Exchange policy and the unnatural and high Rupee ratio. It is only through the increased prosperity of the agriculturists that trade and industry can thrive and Government finances including commercial activities like Posts and Telegraphs can show better results. My Committee regret that instead of examining this issue on its own merits, Government are still bent upon, through ideas of prestige, persisting in a mistaken course. The Committee take exception to the statement of the Finance Member: "It certainly does not look therefore as if the Rupee were over-valued—in fact there is a good deal more to be said for the contrary views." They feel that this part of the Finance Member's speech is most unconvincing. If there had been a national government in this country, they would never have disregarded public opinion in this manner and pursued a policy which has proved to be harmful to India.

APPENDIX 35

Railway Budget for 1937–38

Memorandum issued on 24th February 1937 by the Committee of the Indian Merchants' Chamber, Bombay, on the Railway Budget for the year 1937–38.

The Committee of the Indian Merchants' Chamber have considered the Railway Budget for 1937–38, and the speeches introducing the same in the Legislative Assembly and the Council of State by the Hon'ble Sir Muhammad Zafrulla Khan and the Hon'ble Sir Guthrie Russell, respectively.

2. The Railways have shown better results this time than last year, but the pace of advance is still too slow. The Hon'ble Member for Railways has budgetted for a surplus of 15 lakhs for 1937–38, and puts this figure down for the next year's contribution by the Railways to the State. Even this meagre silver lining on the clouds is not expected by the sponsors of the Budget to be lasting and permanent, and they fear that it may prove evanescent and there may be again the darkness of the bankruptcy of Railway earnings. The chief cause responsible for the better fortunes of the Railways is the movement of raw materials for export purposes to a greater extent than in previous years, due, partly it is said, to rumours of war scare in Europe. The exports of principal materials were :—

		(In lakhs of rupees)		
		1934.	1935.	1936.
Total of all Exports (Merchandise, private)	..	110,20	115,44	135,41
Fodder, Bran & Pollard	..	58	53	64
Gums, resins, lac	..	2,64	1,15	1,51
Oil-cakes	..	1,46	1,25	1,43
Groundnuts	..	4,18	4,13	7,02
Linseed	..	2,83	1,57	3,83
Rape-seed	..	39	10	28
Cotton	..	23,42	20,32	27,14

				(In lakhs of rupees)
Jute	..	7,61	10,17	10,25
Wool .	..	89	1,66	1,86
Hides, tanned or dressed	..	1,42	1,67	2,24
Skins, tanned or dressed	..	2,39	2,11	2,58
Gunnybags	..	8,04	8,69	9,37
Gunny cloth	..	8,24	9,36	11,53
Wheat	..	10	9	1,72
Wheat flour	..	10	16.6	18

Over and above this, there is some turning of a new page in matters commercial and industrial, and this has set free the movement of goods which otherwise appeared to be frosted. With all this the total goods traffic carried in the first seven months of the year recorded an increase only of 1 per cent in tonnage and 2 per cent in ton mileage over last year's figures, and the total receipts are now expected to show an improvement of Rs. 4 crores, that is, nearly 7 per cent, as compared with last year. With regard to passenger traffic, there has been a decrease by less than one-half per cent for the first seven months of the year and passenger mileage by 2 per cent for the same period, as compared with that period during last year. With regard to passengers, it is good to hear that different railways are making various kinds of efforts to improve the earnings of the passenger traffic such as quotation of cheap return fares, travel-as-you-please tickets for limited periods, and the special arrangement on the Assam Bengal Railway by which the third class fare for any distances between the southern and northern sections of the system was made subject to a maximum limit of Rs. 5. It is also seen that arrangements are being made on some Railways to reserve accommodation for third class passengers. While all this is certainly an advance on the previous state of things, the Railways are still suffering from a conservative complex, and refuse to move fast enough to attract either passenger or goods traffic.

3. Although goods earnings were slightly better, due perhaps to adventitious circumstances, the policy of

indiscriminate increase in rates recently pursued by the Railways is not likely to help a continuance of this improvement. A list of some 200 articles was circulated by the Indian Railway Conference Association in June 1936, notifying increases in classification on all those articles, and recently again the Committee of this Chamber have seen instances of the Railways trying to effect an increase in freight on different articles carried by them. The attention of the Railways has been drawn on several occasions to the short-sightedness of this policy of effecting increases in freight rates on different articles. These facts have been placed even before the Wedgwood Committee. There is not much hope for any big revolution in traffic, till this policy of higher freights as a means of getting higher revenues continues to be pursued by the Railways and till sufficient encouragement is not given to internal traffic by reductions in rates.

4. The Hon'ble Sir Guthrie Russell, in his speech observed that until now rail-road competition had been merely confined to passenger traffic, but there were signs that lorries were gaining a greater and greater share of the goods traffic. The Committee of this Chamber, in their letter to the Indian Railway Conference Association, dated 16th June 1936, commenting upon the increases in classification suggested by the Railways on 200 articles, observed as follows :—

> "* * * The Railways now will have to face the competition not only from motor buses carrying passengers, but also from motor trucks carrying goods. Instances have come to the knowledge of my Committee where cotton is now got into Bombay from places as distant as Akola by motor trucks. Even now motor trucks are freely used for carrying daily supplies of vegetables and other necessities of the market and if the short-sighted and ill-considered policy of increasing freights for 200 articles enumerated in the accompaniment to your letter is followed, time will soon come when motor trucks, despite the heavy duties which are levied on them, will enter into a serious competition with the Railways."

What the Committee of this Chamber foresaw and emphasised in June 1936, is now coming true and the testimony is from no less a person than the Chief Commissioner of Railways.

5. The Hon'ble Sir Muhammad Zafrulla Khan has announced that the liability of the Railways to the Depreciation Fund, and the undischarged liability to the General Revenues, amounting in all, at the end of 1936–37, to Rs. 62 crores will be written off, so that the Railways can start the next year on the basis of a clean slate, so far as the liabilities are concerned. The Committee are surprised at such a proposal and wish to record their emphatic protest against the same. In ordinary commercial undertakings, such an attempt at evasion of obligations will amount to an act of repudiation, and may cast a reflection on the business morality of the transaction. Apart from this objection, it stands to reason that when the whole question of the rehabilitation of Railway finances is the subject of an expert enquiry, the authorities should not have attempted to minimise the gravity of the problem by a resort to window-dressing. With the load of over Rs. 60 crores removed by a stroke of the pen, the urge and need for radical financial reform are forestalled and circumvented. The Inchcape Committee pointed out that between 1913 and 1923 the working expenses of the Railways had gone up by 131 per cent. Public feeling on this point has been placed before the authorities, time and again, in unmistakable language, and the present attempt to evade the issue by writing off undischarged obligations may accentuate this feeling. Moreover, in fairness to their own expert Committee, Government might well have awaited their recommendations before resorting to such a measure.

6. The strategic railways are showing a dead annual loss of about Rs. 2 crores, and it may be suggested that this deficit should form a part of the Military expenditure and debited to the General Budget and not to the Railway Budget.

7. It is a matter of the deepest regret that neither the Hon'ble the Member for Railways, nor the Chief Commissioner of Railways, has thought it fit to mention anything about the storm of criticism against the personnel of the Wedgwood Committee. The Committee of this Chamber observed at the time of the appointment of the Enquiry Committee, and repeat it now, that it is scandalous that there should not be a single representative Indian on a Committee appointed to go into the question of Railway finances, one of the most important items of the Indian Budget.

8. The Committee are surprised at the mentality which is shown in the statement made by the Hon'ble the Commerce Member that the Railways want to make experiment of running an air-conditioned coach on one of the Railways daily mail services. The first-class has always been upto now a loss item with the Railways, and by proposing now to spend Rs. 2,40,000 on this new suggestion, this loss will be enhanced. With the amenities already being given to first-class passengers, it is doubtful if such a further provision for air-conditioning was at all necessary, at least as long as the best patrons of the Railways, viz. third-class passengers have not obtained the barest and most necessary amenities of life. Even with regard to provision of fans for third-class carriages, the suggestion has always been turned down on the plea that it will cost about Rs. 2 to 3 crores. If the third-class passengers are not provided with fans, it is meaningless to provide first-class carriages which are air-conditioned. The Hon'ble the Commerce Member says that similar experiments in other countries have been successful and have considerably increased the popularity of railway travelling generally. True; but there is not that colossal difference in other countries between conditions for third-class and first-class travelling as prevails here at present.

APPENDIX 36

Letter No. 2902/D dated 28th November 1936 from Government of Bombay, Finance Department, to Chamber.

I am directed to invite the attention of your Chamber to resolution No. 2902 dated the 24th November 1936, of which a copy is attached, and to request that your Chamber will be so good as to send its representation at the earliest possible date and, in any case, not later than the 23rd December.

Stock Exchange Enquiry Committee:
Appointment of—

GOVERNMENT OF BOMBAY.

FINANCE DEPARTMENT.

Resolution No. 2902.

Bombay Castle, 24th November 1936.

The Governor in Council is pleased to appoint a Committee to examine and report on the organisation and methods of working of the Native Shares and Stock Brokers' Association of Bombay, to consider whether any modifications are desirable in the interests of the investing public, and to make recommendations.

2. The Committee will be constituted as follows:—

(1)	Mr. W. B. Morison ..	Chairman.
(2)	Sir Sohrabji Pochkhanawala }	Members.
(3)	Sir Rahimtoola Chinoy }	
	Mr. H. M. Patel, I.C.S. ..	Secretary.

3. The Committee will assemble in Bombay at such place and time as will hereafter be notified.

4. Associations or persons wishing to make proposals for the reorganisation of the Bombay Stock Exchange or for improving its methods of working are invited to send their written representations to the Secretary, Stock

Exchange Enquiry Committee, Finance Department, Secretariat, Bombay, as early as possible and not later than the 23rd of December 1936.

By order of the Governor in Council,
C. G. Freke,
Secretary to Government.

Letter No. 28 dated 6th January 1937 from Chamber to Government of Bombay, Finance Department.

I am directed by the Committee of this Chamber to send to you hereby their views with regard to the organisation and methods of working of the Native Share & Stock Brokers' Association of Bombay with reference to your letter No. 2902-D, dated the 28th November 1936.

2. In the first place, my Committee may be allowed to congratulate Government on their decision to appoint a Committee of Enquiry with regard to this very important question. A Stock Exchange conducted on right and proper lines is one of the indispensable components of an organised industrial and commercial community, and the City of Bombay being a commercial and industrial city would be incomplete without such an Exchange. It has been suggested by the Committee of this Chamber several times that such an enquiry should be undertaken, and they are glad that their suggestion has been accepted by the Government of Bombay.

3. In submitting this representation my Committee may be allowed to remove any possible misunderstanding that while they have criticised off and on the administration of the Native Share and Stock Brokers' Association and put forward suggestions with a view to improvements in certain directions, they consider that this Association apart from occasional aberrations, as a whole, conducted its peculiarly difficult and onerous duties in a fairly good manner. The suggestions put forward in this representation are based on an analysis of some of the abuses which have now become

patent and which, in the opinion of my Committee, must be checked both with a view to increase the usefulness of the Stock Exchange and to add to its stability and responsibility to the public.

4. A close observation of the working of the Bombay Stock Exchange has impressed my Committee with the prevalence of the chronic malady of overtrading which has periodically resulted in inconvenience and loss both to its members and the public. My Committee consider it significant enough to state here that a number of Stock-brokers who were asked to assist in the formulation of their views unanimously concurred with them regarding the existence of this evil. Though very fantastic figures are sometimes heard about the commitments of certain operators on the Exchange, it is generally agreed that there is nothing in the present organisation and methods of work to prevent this evil at the source or to keep it within reasonable bounds. Overtrading, it may be added, is a sin of which both members of the Exchange and the public are today guilty, and more so the former who are expected to conduct their business in a responsible manner.

5. My Committee have endeavoured to study the conditions which make possible and perhaps encourage overtrading and are convinced that one of the most prolific sources is the facility for forward transactions. The Native Share and Stock Brokers' Association permits dealings both for cash and for settlement every month. It is undoubted that much the largest business on the Exchange at any time is for the monthly settlement which does not involve an immediate cash payment and provides wide and easy facility for carry-over from month to month for an indefinite length of time. In the opinion of some of the observers, forward dealings are the plague spot of the Exchange, which if eliminated may ensure smooth and healthy working. It is pointed out that no such difficulties as have been periodically experienced in Bombay have occurred in Calcutta where forward dealings are not officially permitted. On the other hand it is contended that

forward dealings have made for a free and wided market in industrial securities which are only put on the forward list after they have reached a dividend-paying stage. Whilst it is true that forward dealings encourage speculation, it has at the same time to be recognised that free trading results in price-making of a character which is advantageous to the *bona fide* investor. In actual experience, my Committee are informed, that the facility of forward settlement has made possible the buying and selling of large blocks of securities without causing undue disturbance to the markets and the convenience of carry-over by banks and other financiers has helped a gradual absorption of large lines by *bona fide* investors over a period of months. My Committee, after serious consideration have come to the conclusion that for a city like Bombay with growing industrial possibilities, the provision of a free and wide market for industrial securities must be maintained to stimulate a continuous flow of fresh capital into industrial enterprise and with that end in view cannot recommend discontinuance of forward dealings. At the same time, however, my Committee must make it very clear that they are not altogether satisfied with the conditions under which forward dealings are permitted to be carried on at present. It is not only desirable but quite practicable to devise and enforce certain safeguards which would effectively checkmate overtrading which is undoubtedly encouraged by forward dealings. My Committee would like it to be clearly understood that their decision to support continuance of forward dealings rests on a large view of ensuring industrial finance and on their belief in the efficiency of the safeguards they suggest.

6. Much of the evil complained of with regard to the Stock Exchange is due to several brokers doing the work of Jobbers at the same time. The functions of a broker and jobber are separate on the London Stock Exchange and my Committee are of opinion that the same practice should be adopted here. It is a very undesirable and unhealthy practice that several of the brokers do jobbing themselves. What it leads to is that when they are given

orders for buying or selling by their constituents, they buy shares for themselves or sell the same for themselves and then pass on the business to the constituent after having secured a benefit for themselves. It may not be so with all the brokers who do jobbing, but it is the practice which is resorted to more or less by these broker-jobbers, as they may be called. Besides, these jobbers are a serious handicap to *bona fide* brokers. The latter with genuine orders in hand do not get a fair chance to operate for their clients as the jobbing brokers rush in and spoil their market with the result that they have on an average to pay more for their purchases and to realise less for their sales.

7. My Committee suggest that at the beginning of every official year, every active member should be called upon to declare whether he intends to work as a jobber or broker and under penalty of expulsion the Board of Directors must see that this declaration of intention is not violated.

8. It appears to my Committee that the classification of members into brokers and jobbers will result in checking overtrading to some extent, though it cannot effectively eliminate it. One direction in which a possible remedy lies is the enforcement of the system of margins on all forward dealings. In the absence of the proper and detailed understanding of this system as it is prevalent on the New York Stock Exchange, opinion generally is divided as to its practicability, though there is general agreement regarding its desirability. My Committee would like the present enquiry to make a full exploration of the practicability of adopting this system in Bombay with such modification of the American system as may be required by our conditions.

9. There is a good deal of difference in the brokerage charged by different brokers and there is such a competition amongst brokers for securing business especially by the smaller fry that ridiculously low rate is quoted by several brokers. This practice has also resulted in encouraging

overtrading, particularly by large speculators who are known to contract for special rates of brokerage. To ensure equal and fair conditions for all, a minimum scale of brokerage should be prescribed and rigidly enforced, and brokers should be obliged to disclose on the contract forms brokerage charged to their clients, except when brokers act as principals.

10. There is restriction at present against admittance to the Stock Exchange of people engaged in other trades. My Committee have reconsidered this, but even on reconsideration, are of the same opinion which they held before that it would be dangerous to admit members of other trades to the Stock Exchange. Members of Stock Exchange in other places should not also be admitted as members of the Bombay Stock Exchange. My Committee beg further to suggest that even the existing members, who joined the Stock Exchange before the present rule restricting the admission of members came into operation, should be called upon to choose as to whether they want to work on the Bombay Stock Exchange or on some other Exchange.

11. One of the most difficult problems before the Stock Exchange is that of sub-brokers. The number of sub-brokers attached to each broker should be limited and they should also be required to be registered. No sub-broker should be attached to more than one member and they should be required to place a particular deposit with the Stock Exchange, the amount of the deposit to be fixed by the Stock Exchange. My Committee suggest that the provisions regarding sub-brokers should not apply to up-country agents, that is to say upcountry agents should not be treated as sub-brokers. If it is ultimately decided to accept margins from customers, no deposit should be taken from sub-brokers. If there is, however, no requirement with regard to margins, the deposits should be rigidly enforced.

12. The Board of Management, as at present constituted consists of 16 members, all elected by the General

Body without any panel or any separate classes. This method of election appears to my Committee to be unsatisfactory. In a previous portion of this representation they have suggested the division of members of the Stock Exchange into brokers and jobbers and if this suggestion is accepted, the Board would consist of as follows :—

4 to be elected by the Jobbers ;

8 to be elected by the Brokers ;

2 to be elected by the Bombay Legislative Assembly ;

1 to be elected by the Indian Merchants' Chamber ; and

1 to be elected by the Bombay Shroff Association.

The President to be elected from among the elected members referred to above.

13. My Committee are of opinion that with the Board of Management constituted as above, a suitable machinery for redressing public grievances and complaints with regard to a member or members of the Exchange or the Board of Management would be provided. They are further of opinion that the provision for arbitration referred to in the Rules and Regulations of the Exchange adequately provides for redress of the complaints and grievances of the outside public.

14. One of the most delicate and complicated questions the Enquiry Committee will meet with is the power given under the Rules to the Board to prevent bear raids. My Committee are of opinion that while the Rules, as they stand at present, provide sufficient safeguards against bear raids, there is nothing in them to provide any safeguards against bull rigging in the same manner. My Committee would, therefore, suggest that a similar provision should be made to check bull rigging also.

15. My Committee have heard frequent complaints that the Board of Management have failed to enforce even their existing rules on many occasions, particularly when the Directors are alleged to be guilty of violating them. If these complaints are justified, it is obviously a

state of affairs which cannot be allowed to continue without grave detriment to the interests of the investing public and my Committee trust that the present enquiry will lead to the devising of some arrangement by which rigid and impartial enforcement of rules may be ensured.

16. My Committee are informed that recently a practice has grown up of allowing even non-members to go to the floor of the Exchange on payment of a certain annual fee. This practice, in the opinion of my Committee, is extremely deleterious to the business of the Exchange and should be at once put a stop to.

17. My Committee also wish to bring to the notice of your Committee frequent complaints made by the public about the short hours of working on the Exchange. It is generally felt that the working hours on the Stock Exchange require to be revised. My Committee, therefore, beg to suggest that the working hours of the Exchange for forward dealings should at least be three hours every day, and that the Exchange should not be closed, apart from Bank Holidays for more than two consecutive days.

Letter No. 419 *dated* 11*th February* 1937 *from Chamber to the Secretary, Stock Exchange Enquiry Committee.*

The attention of the Committee of this Chamber has been drawn to the fact that the Chairman of the Native Share and Stock Brokers' Association, in his examination before your Committee, has made several references to the speech of Mr. Manu Subedar, made by him in the year 1935 as President of this Chamber at one of the Quarterly meetings, and to the oral evidence of the same gentleman when he represented the Chamber before the Atlay Committee. The criticisms take no account of the fact that Mr. Manu Subedar was never an operator on the Bombay Stock Exchange, but is an authority on finance and economics, and whatever was said by him was entirely in public interest and on public grounds. The quotations without context are exteremely misleading and my Committee

would request you to peruse the documents from which the quotations are taken, viz. the speech of Mr. Subedar referred to in the body of the Stock Exchange representation and the evidence tendered by him in 1923. (Copy of the speech is enclosed herewith for ready reference).

With regard to the word "crises" used by the same gentleman, I am to point out that the word is used in India in connection with the Stock Exchanges somewhat loosely. There are occasions of anxiety and tense apprehensions, some of which result in arbitrary interference of the course of trade at the hands of the Board, There are other occasions in which there is a terrible anxiety and the investors are much puzzled and embarrassed but in which the Board is not obliged to suspend dealings in particular scrips or to close the Exchange for a number of days, but which are in the Stock Exchange parlance in Bombay called "crises". The investing public are entitled to ask for smooth and unbroken working of the Stock Exchange. They are entitled to expect a check to overtrading to be placed earlier in constitutional and other forms, instead of the brake being put when it is too late to safeguard the investor. Mr. Manu Subedar, to whom the Stock Exchange criticisms were shown, felt that changes were wanted in the Bombay Stock Exchange Rules which would make infrequent the exercise of the extreme powers of the Board by destroying the motive for, and closing of the avenues of overtrading: (1) on the part of the public, and (2) on the part of the Brokers themselves.

The Committee of this Chamber consider this outlook which would safeguard the investors and give a smooth running of the Exchange as legitimate and in the best interests of the public.

APPENDIX 37

Views on the Report of the Stock Exchange Enquiry Committee

Letter No. 1564 dated 2nd June 1937 from Chamber to Government of Bombay, Financial Department.

I am directed by my Committee to send to you hereby their views on the Report of the Stock Exchange Enquiry Committee.

2. My Committee have all along held the view that a Stock Exchange, conducted on right and proper lines, is one of the indispensable components of an organised industrial and commercial city like Bombay; and have always stressed the need for reform in the organisation and method of work of the Bombay Stock Exchange. They would, therefore, welcome every opportunity and every measure designed to put the working of the Exchange in a manner which would add to its stability and responsibility and would inspire greater confidence in the investing public. The main recommendations of the Report, except the one postulating Government interference, to which they are referring later on, have their general support, subject to such modifications as they have suggested hereinafter.

3. As referred to above, my Committee are unable to agree to the suggestions contained in paragraph 72 (1) of the Report. Firstly, power is sought to be given to Government to make and amend rules relating to the working of the Exchange and secondly, to appoint Government directors "to work with the Board, if possible, or independently of the Board if necessary" under certain circumstances. My Committee are unable to agree to such powers of internal interference in the working or management of the Exchange being vested in Government. The Stock Exchange is an association of the trade interests concerned, and the Board of the Association should have absolute freedom to discharge their duties untrammelled

by such fears of interference. The powers already held by Government in the matter of recognition, withdrawal of such recognition and approval of rules, are sufficient to secure a moral control. As a matter of fact, the original Bill relating to the Securities Contracts Control Act sought to give to Government the power to make rules and in the Select Committee the same was removed. The suggestion of supersession of the Board, as recommended by the Enquiry Committee, is a very retrograde and reactionary one, and does not find favour with any section of the mercantile community. Government have not forgotten the extent of the feeling caused by a similar measure recommended for the cotton trade. On no account should this suggestion be implemented, as the same is bound to cause disaffection in the trade and would perhaps tend to bring about a sense of irresponsibility and want of independence in the elected members of the Board of the Stock Exchange.

4. In paragraph 75 of their Report, the Enquiry Committee observe:

> "It is equally necessary that the controlling Body should learn to exercise its powers with firmness and impartiality and brook no insubordination or refusal of the members to carry out orders and instructions issued in accordance with the rules and regulations. We feel that the Board of Directors has not been in such a position of undisputed authority and to strengthen its hands and enable such a position to be reached, we have proposed giving to Government certain powers of control, and supersession."

Without being so retrograde, the same result of having the necessary corrective influence can, in the opinion of my Committee, be secured by the association of certain public representatives on the Board of the Exchange. My Committee had suggested that two representatives of the Board should be elected by the Bombay Legislative Assembly, one by the Indian Merchants' Chamber, and one by

the Bombay Shroff Association. Commenting on such suggestions, the Enquiry Committee observe:

> "We are of opinion that any such form of outside control is unnecessary and undesirable."

It is difficult to reconcile this *obiter dicta* with the other recommendation for a more drastic from of 'outside control' by Government nominees, including on occasions a full-board Government directorate. If, instead of dismissing the suggestion for the association of public bodies in the management as 'outside control', some such scheme had been evolved, the professed object of proposed Government's powers of interference and supersession would have been in the ordinary course secured. My Committee urge that Government should examine and consider further this suggestion for association of selected public bodies in the management of the Stock Exchange.

5. My Committee are in general agreement with the views of the Enquiry Committee regarding additional powers to the Board of the Exchange, strengthening of the Rules in regard to defaulters, fixation of minimum scales of brokerage, restrictions on holidays, introduction of a system of margin, restrictions on sub-brokers, prohibition of speculative dealings for employees and the proposed limitation of the privilege of retaining connection with other businesses to pre-1926 members.

6. An important suggestion made by my Committee before the Enquiry Committee, designed to check overtrading, was the classification of the members of the Exchange into Jobbers and Brokers. They had observed:

> "Much of the evil complained of with regard to the Stock Exchange is due to several brokers doing the work of Jobbers at the same time. The functions of a broker and "a jobber are separate on the London Stock Exchange and my Committee are of opinion that the same practice should be adopted here. It is a very undesirable and unhealthy practice that several of the brokers do jobbing themselves. What it leads to

is that when they are given orders for buying or selling by their constituents, they buy shares for themselves or sell the same for themselves and then pass on the business to the constituent, after having secured a benefit for themselves. It may not be so with all the brokers who do jobbing, but it is the practice which is resorted to more or less by these broker-jobbers, as they may be called. Besides, these jobbers are a serious handicap to *bona fide* brokers. The latter with genuine orders in hand do not get a fair chance to operate for their clients as the jobbing brokers rush in and spoil their market with the result that they have on an average to pay more for their purchases and to realise less for their sales.

My Committee suggest that at the beginning of every official year, every active member should be called upon to declare whether he intends to work as a jobber or broker and under penalty of expulsion the Board of Directors must see that this declaration of intention is not violated."

7. In commenting on this suggestion, the Enquiry Committee observe:

"While we agree that such differentiation would constitute an improvement of the organisation of the Stock Exchange, we have come to the conclusion that it would be impracticable to make such a division effective or workable in the present condition of the Bombay Market or in the near future."

My Committee regret that such an important issue should have been so summarily dealt with. The Enquiry Committee have not advanced any reasons why the same should be impracticable or unworkable. Having conceded that such a division would 'constitute an improvement', they should have examined it seriously and if there were any difficulties in giving effect to the same, they should have examined ways and means of overcoming such difficulties. My Committee would, therefore, request Government to examine this point further.

8. In conclusion, my Committee wish to suggest that Government should now take in hand the question of giving effect to the recommendations of the Stock Exchange Enquiry Committee.

APPENDIX 38

Reserve Bank and direct relations with Indigenous Bankers

Letter No. C.O.R.427/30G(10)-37 dated 6th May 1937 from Reserve Bank of India to all Scheduled Banks and the Shroff Association.

In connection with its statutory obligation to present a report under Section 55 (1) (*a*) of the Reserve Bank of India Act, regarding the 'extension of the operations of the Reserve Bank to persons and firms, not being scheduled banks, engaged in the business of banking in British India', the Reserve Bank has been examining the criticisms and suggestions evoked by the publication of its preliminary report on agricultural credit, and I am desired to forward you the following suggestions for your consideration. If there are any other constructive suggestions which you feel that you could usefully make, the Reserve Bank will be glad to give them its careful consideration.

2. There are one or two general principles which seem to emerge fairly clearly. In the first place, it seems obvious that even though the scheduled banks may develop branch banking on a rapidly increasing scale, they will not be able, at least for a considerable time, to spread sufficiently widely to handle the whole of India's finance directly, on the lines of banks in more highly organised countries such as the U. K. or U. S. A. The individuals and firms referred to in Section 55 (1) (*a*) of the Act, must, therefore, continue to be an essential part of the banking structure of the country, and any scheme for the proper control and regulation of banking in India must contrive to bring them within its ambit.

3. Secondly, it would be impossible for the Reserve Bank under existing conditions to deal with the indigenous private bankers direct. Their business is also generally of a highly personal and fluid character, so that any real attempt to gauge the amount of credit which could usefully be accorded to them would require personal contacts which would necessitate the creation of an impossibly large and costly organization. Under existing conditions, therefore, the Reserve Bank can only deal with the indigenous banker through some intermediate agency which will share the financial responsibility and undertake the detailed examination and control which is necessary if credit is to be accorded, but it will be prepared to give its most careful consideration to any practical scheme emanating either from the indigenous bankers themselves or from any other source for organizing their own members to enable credit to be afforded to them direct.

4. The essential conditions with which it would seem necessary for such organizations to comply are that they should be self-contained legal entities with reasonable resources of their own, such resources in the opinion of the Reserve Bank being at least equal to those stipulated for scheduled banks. They would also have to maintain separate and properly audited accounts of their banking business with proper legal provision for the segregation of any other business which they might be conducting, so that liabilities incurred in respect of the latter would not affect their credit in respect of their banking business. Such other business as they might conduct would also have to be confined to bona fide trading and not to speculation, and the accounts which they maintained would have to be devised in such a manner as to bring this out. Lastly, joint stock scheduled banks have to operate in the light of publicity and arrangements would have to be made to ensure similar publicity in the case of these institutions, in particular, as regards their balance sheets and accounts. For purposes of control, they would also have to maintain the same deposit with the Reserve Bank as scheduled banks.

5. If indigenous bankers or shroffs were prepared to accept these conditions and could put up a practical scheme on these lines, the Reserve Bank would be glad to consider how it could deal with them. In any case, however, any such scheme will take a lot of working out, and in order that something practical may be done as soon as possible, the Reserve Bank would be glad of your opinion on the following provisional scheme which seems more likely to produce early results and which would also, if it developed successfully, help to improve the status and organisation of the indigenous banker.

6. Section 17 of the Reserve Bank Act lays down the various types of business permitted to the Bank, and I would particularly draw your attention to sub-sections 2 (*a*), (*b*) & (*c*) and sub-sections 4 (*c*) & (*d*) under which we suggest that business with the indigenous banker might be transacted through scheduled banks. There are two kinds of Bills or Promissory Notes with which the Reserve Bank is empowered to deal. One is the bona fide trade bill originating with a merchant or an agriculturist and endorsed by the indigenous banker and rediscounted with a scheduled bank. For the purpose of dealing with such documents the Reserve Bank would not require the nature of the transaction to be set out in the document itself, but the scheduled bank would be responsible that it represented a genuine trade transaction, so that the bill would be self-liquidating. The second type of bill would originate with the indigenous banker himself in the form of a promissory note with a possible second signature and discounted by a scheduled bank. These bills or promissory notes should be for the purpose of helping local trade or agriculture, the business in which such bankers are usually engaged and be drawn to finance it.

7. Scheduled banks might maintain lists of the shroffs with whom they are prepared to do business with a record showing the amounts of credit which they could have safely accorded and the type of business which they do.

8. With this information available the Reserve Bank would be prepared to make advances against bills or promissory notes on the following basis:—

(1) Until the scheme developed and the Reserve Bank had acquired experience of the amount and character of the credit which was likely to be involved, such documents would not be definitely discounted by it but it would merely make demand advances to the scheduled banks against their security under Section 17 (4) (c) of the Act. This would mean that the scheduled bank would be responsible for the collection of the bill on maturity, a task which would be difficult for the Reserve Bank with its existing machinery to undertake and one for which the obvious agency is the scheduled bank itself.

(2) Scheduled banks would have to classify the bills presented for discount under such heads as might be prescribed by the Reserve Bank from time to time as being made for dealing in a particular commodity. They would also have to undertake to keep the Reserve Bank informed of their total advances under such heads, not merely the amount presented to the Reserve Bank for re-discount. This precaution is necessary to enable the Reserve Bank to see

(a) that no scheduled bank is overtrading either generally or in respect of one particular commodity or allowing any individual customer to overtrade, and

(b) that no particular commodity is being over-financed with possible dangerous repercussions later.

(3) Such advances would at first at least be of a seasonal nature only and the Reserve Bank, until considerably more experience had been obtained, would have to make it a definite

stipulation that all such advances would be cleared at the end of the normal season of the commodity in respect of which they had been made. It would also have to be clearly understood that such advances were not to be regarded as automatic. Scheduled banks anticipating the possibility of taking out such advances would be required to inform the local Manager of the Reserve Bank, some time in advance, of the amount which they considered that they would require, so that their limit of credit could be fixed in relation to their business as a whole and their capital and reserves. This stipulation is necessary to prevent scheduled banks overtrading in the hope that they could secure accommodation when they required it from the Reserve Bank. It must be emphasized that scheduled banks must operate primarily and ordinarily on their own resources.

9. The criticism may be made that, though this procedure will ensure the scheduled banks obtaining the prevailing rate of the Reserve Bank, there is no guarantee of the extent to which they will pass on this concession to the shroff or indigenous banker. In principle, the Reserve Bank is opposed to any attempt to dictate the rates at which other banks will do business. From enquiries which it has made, it finds that where the indigenous banker is properly organized and confines his activities to clean banking business as in the case of the Multani Shroffs, and the Cutchi Memons and Marwaries in respect of finance bills, he is able to obtain funds at as favourable rates as on Government Paper. There is, therefore, every reason to anticipate that if the indigenous banker elsewhere took advantage of the facilities now being offered and organized his business on similar lines, he would be able to obtain equally favourable terms from the scheduled banks, and that even when the latter were obliged to charge higher rates owing to the possibility that they

themselves would have to rediscount the paper with the Reserve Bank, the margin will be very small. At the same time, it must be clearly understood that the Reserve Bank would not like scheduled banks to charge excessive rates from approved shroffs and would be glad to have any practical suggestions how this might be prevented. The main object of the scheme is that the scheduled banks who benefit under it in the first instance, should pass on these benefits in a tangible manner to the indigenous banker for whose benefit the scheme is being primarily devised. In particular, it has been suggested that it might refuse to accept paper for rediscount if the scheduled bank itself had discounted such paper at more than a reasonable margin above Bank rate, say 2 or 2½%. This would be a very wide margin indeed for a good paper, and it could reasonably be argued that if more than this had been charged by the scheduled bank, it was either being extortionate or that the credit of the initial borrower was not above suspicion and that in both events the Reserve Bank would be fully justified in refusing to deal in it.

10. It is possible that the scheme outlined above, if properly developed, would be adequate for the requirements of the indigenous banker and that he would be content to continue under it without undertaking the further responsibility of organising himself on scheduled bank lines in the manner outlined in the early part of this letter. Organization as a scheduled bank would, of course, bring with it certain privileges particularly in that they could deal with the Reserve Bank direct, and also in the matter of remittance, but in practice at present it would appear that where the indigenous banker is properly organized the scheduled banks are prepared on a competitive basis to meet him in these respects to such an extent that there would be little actual advantage to him in further organizing himself as a scheduled bank. This, however, would be difficult to determine without practical experience. If a scheme on the lines suggested above could be found to work successfully, it would be for the

indigenous banker himself, once he had arranged his business so as to take advantage of it, to determine whether any real advantage would accrue to him by further organising himself on scheduled bank lines so as to be able to deal with the Reserve Bank direct, with the accompanying necessity of fulfilling the essential conditions which the Reserve Bank would have to prescribe for such direct contact.

11. The scheme here presented is, of course, only in broad outline and numerous details will have to be filled in later. The procedure for rendering the documents legally available to the Bank as security will, in particular, require examination, but before going into detail the Reserve Bank would be glad to know as soon as possible whether you consider that a scheme on the above lines would, in practice, be likely to bring an appreciable number of indigenous bankers within its ambit or whether you have any other suggestions to offer in this connection. The importance of the role which the indigenous banker plays in the financial and economic structure of India at the present time cannot be too strongly emphasized, and if the credit machinery of India is to be properly organized and complete, it is essential that he should have a definite place in it. We, therefore, hope that constructive suggestions will be forthcoming on which some practical scheme can be based. I am further to point out that this reference is intended to deal solely with that aspect of the question which concerns the shroff and the indigenous banker. The question of co-operative banks is under separate consideration.

12. I am to request that the views of your Bank (Association) may be communicated to us as soon as you conveniently can and in any case not later than 31st July 1937.

Letter No. 1770 *dated 24th June* 1937 *from Chamber to the Deputy Governor, Reserve Bank of India.*

I am directed by the Committee of this Chamber to refer to your letter of the 6th May 1937, No. C.I.R.

427/30G(10)-37 addressed to the scheduled Banks and the Shroff Association, and a copy of which was sent to my Committee for information. My Committee are sadly disappointed that your circular letter to the Shroff Association and all Scheduled Banks has not fulfilled the expectations entertained in the country that the position of indigenous bankers would be recognised by direct relationship with the Reserve Bank and that early steps would be taken to discharge the obligations laid upon it by the Reserve Bank of India Act. The Majority Report of the Indian Central Banking Enquiry Committee observe as follows: "Our first proposal, therefore, is that, as soon as the Reserve Bank is established, the indigenous bankers should along with joint stock and co-operative banks be brought into direct relations with the Reserve Bank and thereby provided with rediscount facilities from that institution". Similar but even more emphatic was the view expressed in the Minority Report.

Sir George Schuster, the then Finance Member of the Government of India, in introducing the Reserve Bank of India Bill made the following remarks:

> "The second point arising out of clause 42 to which I wish especially to refer is the question as to how provision should be made for the extension of the Reserve Bank facilities to indigenous bankers, shroffs, etc., and to the whole field of rural credit. It is impossible to over-estimate the importance that the indigenous banker plays in the whole of the banking and credit machinery of India. I think it would be no exaggeration to say that his part of the organisation represents, if anything, more than 90% of the whole; and it is unfortunately true that the links between the whole of this system and the modern banking system of India, in spite of the development of rural co-operative societies and in spite of the opening of one hundred new branches by the Imperial Bank of India, are still rudimentary and incomplete. I want to make it quite clear that we recognise that until the vast portion of

India's banking and credit machinery which is represented by the indigenous bankers, is put into gear with the relatively small machine of the modernised money market, with the Reserve Bank as its central control, it will be impossible for the Reserve Bank to exercise that full control of "currency and credit of India which is understood as the function of a central bank in western countries, and it will be equally impossible for the masses of the people who populate the countryside of India to get the full benefits of credit and banking facilities on reasonable terms which a well organised system of banking ought to give."

The scheme now set forth in your letter ignores the recommendations of the Central Banking Enquiry Committee as well as the undertaking given by Sir George Schuster.

The suggestion in your letter under reference that shroffs can come into contact with the Reserve Bank through the Scheduled Banks need not in fact have been mentioned at all as the indigenous bankers even under the present arrangements can deal with the Scheduled Banks. It is neither fair nor proper that it should now be suggested that it would be impossible for the Reserve Bank under existing conditions to deal with the indigenous private bankers direct and that their number alone would make this impossible. Surely when the different Provincial and Central Banking Committees were sitting, they were not unware of the number of the shroffs. In fact it is because indigenous bankers are in these preponderating numbers that their position and importance must be recognised. The Committee of this Chamber have always held that the place of shroffs in the banking economy of this country is vital and in fact they recommended in their representation to the Central Banking Enquiry Committee in 1930 that the Imperial Bank should not be required to open any branches but that wherever there was a necessity felt for such a branch that Bank should appoint an individual Shroff or a group of shroffs where they could

cooperate to act as Agents to the Bank for purposes of carrying on its business in that particular locality. Holding as they do these views, my Committee strongly urge that the Reserve Bank should not brush aside the question of their contact with the shroffs so summarily as they have done in the letter, and that ways and means must be found for direct relationship of the Indian private bankers with the Reserve Bank.

While reiterating that the private banker should have a direct link with the Reserve Bank without being asked to turn himself into a limited joint stock organisation, my Committee recognise that the private bankers should have the same status and the same privileges as the scheduled banks, only if they are ready in their turn to abide by certain terms and conditions to be laid down by the Reserve Bank authorities. Compliance with these terms should be essential and a 'sine qua non' of a banker's inclusion on the Reserve Bank's list of parties privileged to deal direct. The Committee of the Chamber have no hesitation in saying that, indigenous bankers desiring to have contact with the Reserve Bank should separate their banking business from all other businesses. It is essential that such bankers should maintain separate and properly audited accounts of their banking business with proper legal provision for any other business. They should have freedom to conduct other business provided it is not speculative and there should be a strict regulation that, indulging in speculative transactions would, at the discretion of the Reserve Bank authorities, make them ineligible for being included in the schedule. My Committee feel that they should also submit periodical reports to the Reserve Bank of their activities and should be ready to answer other queries about their banking business as and when they are called upon to do so. This is required because the Reserve Bank must have a clear idea of what the private banker is doing. If the Reserve Bank thought at any time that the activities of a particular banker were not satisfactory and were such as to render the funds of the Reserve Bank engaged in

rediscounting his bills or his joint pronotes, would be unsafe, the Reserve Bank should have the right either to reduce the limits, or to suspend the advances for some time, or to delete such a name from the list. No private banker could be on this register, who has not set aside for his banking business alone a sum of not less than Rs. 2 lakhs. Provision as to the deposit of cash reserve applicable to scheduled banks should not apply to registered bankers. These provisions have been rendered necessary, because deposits constitute a much larger proportion of the working capital of joint stock banks than in the case of private bankers. Most private bankers have deposits even less than their own capital and very few of them have deposits which exceed the amount of their capital to the extent of being twice or three times.

It would be noticed that my Committee have not hesitated to indicate somewhat strict terms because, what is important is that the scheme of direct relationship should be launched as envisaged by the Central Banking Enquiry Committee and the legislature. In such a scheme, modifications could be made later in the light of experience, the terms being made easier, if the Reserve Bank authorities think it safe, and the terms being made stricter, if the course of events point to the necessity of doing so.

My Committee are sure that, if these conditions are accepted both by the Reserve Bank and shroffs, a workable scheme can be framed to allow the Indian private bankers to have direct contact with the Reserve Bank and thus fulfil the aims and objects of the Reserve Bank Act, as also the hopes and aspirations expressed in the Reports of the several Banking Committees. My Committee reiterate that the shroffs have discharged very valuable and important functions in the history of Indian banking and agriculture upto now and to rob the country of their services through schemes not properly hatched and through unsympathetic consideration of their rights and privileges will be not only to inflict a blow to this old institution, but also to the banking and credit structure of this

country. The Report on the Agricultural Credit issued by the Reserve Bank recently contains important references to the condition of indebtedness of agriculturists and if the Reserve Bank is at all serious in tackling this problem of the permanent and irremediable poverty of the agriculturists, the first step they should take is to recognise the shroffs and to continue to recognise their place in the banking economy of the country and to establish a direct contact with them. This problem is of vast and stupendous significance and my Committee hope that the Reserve Bank authorities will appreciate and accept the recommendations made in this letter.

Finally my Committee strongly recommend the Reserve Bank authorities to submit to the Government of India suitable and necessary amendments to the Reserve Bank of India Act for the purpose of direct linking of the indigenous bankers with the Reserve Bank and acquiring all the necessary powers by the Reserve Bank authorities for regulating such linking.

APPENDIX 39

Draft Scheme for linking Indigenous Bankers with the Reserve Bank

Letter No. C.O.R.880/30G(10)–37 dated 26th August 1937 from the Secretary, Reserve Bank to Chamber.

I am directed to enclose herewith 15 copies of a draft scheme proposed by the Bank for the linking of indigenous bankers with it and to request you to be so good as to forward to us the names of indigenous bankers who will be prepared to be enrolled with the Bank on the terms mentioned in the enclosure as early as possible, but in any case, not later than the 30th September 1937.

DRAFT SCHEME FOR THE LINKING OF INDIGENOUS BANKERS WITH THE RESERVE BANK OF INDIA.

The replies are helpful and clear the ground in several important respects, but at the same time the replies from those who represent the indigenous banker appear to indicate some misapprehension of the role which the Reserve Bank as a Central Bank should play in the financial structure of the country and we, therefore, consider it desirable to set out at some length the basic principles on which we framed our proposals.

2. The history of the world since the war has made it abundantly clear that if a country is to be financially sound and independent it must have a properly co-ordinated banking system which will embrace all the important banking activities of the country and co-ordinate them in a well-ordered whole under the general supervision and control of its Central Bank. The essential feature of such a co-ordinated system is that the country should be covered by a net-work of banks (whether joint-stock or private is immaterial for the present purpose) organized and operating so as to command the confidence of the people of the country so that they may provide the necessary finance for carrying on the business of the country from the deposits which they obtain from them. In such a system it is only when additional finance is required for trade and industry either during seasonal stringency or in time of emergency that the Central Bank should be called upon to supply the necessary funds. It is not the function of a modern Central Bank to supply the normal necessities of the market and thus compete with the commercial banking institutions.

3. The Indian Legislature in the last ten years has devoted a great deal of thought and trouble to the organization of joint-stock banks so as more adequately to fit them for this purpose. The Reserve Bank Act provided for the inclusion of the more important of them in a schedule subject to its control, and the amendment of the Indian Companies Act effected last year set out in much

greater detail than has ever been attempted before the constitution and functions of such banks.

4. Unfortunately, these joint-stock banks still only cover a small portion of the field. In the smaller country towns and in the villages they are still either non-existent or play a very minor role in comparison with the private indigenous banker, and it is, therefore, obvious that if India's banking system is to be complete, provision must be made for the inclusion of the latter.

5. It is dangerous to generalise about the indigenous banker but a certain amount of generalisation is necessary if the problem is to be viewed as a whole, and as a broad generalisation it may be said that though in the past to a considerable extent and in the present to a smaller extent such bankers do take deposits from the public, they depend to a very much greater extent for their capital either on their own resources or on loans from other indigenous bankers or the commercial joint-stock banks. What we wished to emphasize is that so long as this remains the case they cannot be considered as eligible for central banking facilities. The nature of their business is such that only the commercial banks with their accumulation of experience and machinery for detailed local investigations are competent to gauge their creditworthiness.

6. The conclusion to which the Reserve Bank had come and on which it based its letter was that direct relationships could only be extended to indigenous bankers if and when they confined their activities to banking proper by making their principle business the accepting of deposits and generally adopting modern banking methods. The Reserve Bank has no predilection, as has been alleged in some quarters, in favour of the joint-stock principle as against private ownership but it does consider that the private banker must, in the interests of his customers as well as in order to bring himself within the banking framework of the country, organise his business on recognized banking principles and practices.

7. It has been argued that in taking this line we are inconsistent with past declarations and policy. On the contrary, our proposals appear to us to be in absolute accordance with the spirit of the majority recommendation of the Banking Enquiry Committee. In paragraph 139 of their report they say—

> "It must, however, be remembered that the Reserve Bank can only rediscount bank endorsed paper. We, therefore, propose that only such indigenous bankers as are engaged in banking proper, or are prepared to shed their business other than banking, should be eligible to be placed on the approved list of the Rerserve Bank in the same manner as joint-stock banks."

They go on further to say in paragraph 144—

> "It is quite conceivable that a large number of indigenous bankers whose principal business is not banking or who do not take to banking as their principal business as soon as the Reserve Bank is established, will still remain outside the scope of our proposals. These will continue to obtain their banking facilities from the existing joint-stock banks, including the Imperial Bank of India",

adding that such bankers should be made eligible for central banking facilities if at a later stage they were prepared to satisfy the conditions prescribed for them by the Reserve Bank.

8. The Committee did not venture on a legal definition of 'Banking' which was for the first time defined in Indian Law by the addition of Section 277F to the Indian Companies Act in 1936 defining a banking company as follows:

> "A 'banking company' means a company which carries on as its principal business the accepting of deposits of money on current account or otherwise

subject to withdrawal by cheque, draft or order notwithstanding that it engages in addition in any case or more of the following forms of business etc., etc."

Thereafter ancillary activities are set out which are consonant with banking in the modern acceptance of the term and the Act goes on in Section 277G to make it clear that a banking company must restrict itself to these forms of business. It is clear from paragraphs 677 to 682 of their report that the views of the Committee were on the same lines. "

9. These quotations and references taken together make it, to our mind, abundantly plain that both the Banking Enquiry Committee and the legislature regarded the taking of deposits as the distinguishing and principal feature of banking and that they desired us to confine our direct relationships to such. The latitude which the Committee recommended should be left to us was not to effect a breach in this basic principle but, as they clearly brought out in paragaaphs 139 and 140 of their Report, to suggest what modifications, if any, we considered could be appropriately effected as regards the minimum capital and the rule regarding compulsory deposits i. e., the subject matter of section 42 of our Act, when dealing with private as opposed to joint-stock banks.

10. The discussions which followed the publication of the Report of the Central Banking Enquiry Committee and those on the Reserve Bank Bill did not indicate any general desire on the part of the indigenous banker to limit and develop his business on the lines suggested by them. On the other hand the suggestion was made that direct access should be given to 'indigenous bankers' who conducted other forms of business if they were prepared to segregate the two and to keep separate accounts. It is quite clear that unless they give themselves separate legal entities in respect of these separate functions, the mere separation of accounts would be of no value at all. Liabilities incurred in respect of the one would have to be

made good in the last resort from the assets of the other. We cannot conceive of any method whereby the two functions could be legally separated except by incorporation under the Companies Act and even this would not go far enough to meet the views of the Banking Enquiry Committee. It is obvious that even if they were legally separated an individual who was conducting the two separate types of business could draw on the assets of the one to meet the liabilities of the other so that even though the balance sheets in respect of the banking department seemed perfectly sound and satisfactory, the assets might be found to have disappeared when a call came to be made on them.

11. At the same time, we wished to go as far as we could to meet the natural reluctance of the indigenous bankers immediately to abandon his various activities and we were therefore prepared to go beyond the recommendation of the Banking Enquiry Committee on this point and to allow the continuance of other than pure banking business so long as there was clear legal segregation, in the hope that one or the other activity would eventually be discarded. However we may drop the suggestion of legal segregation by incorporation under the Companies Act as this suggestion has not received any support from the indigenous bankers.

12. We must, therefore, go back to the recommendation of the Committee, which is that the only way in which it is practicable to admit indigenous bankers to direct access to us is their willingness to discard non-banking business and confine themselves to banking proper as defined in the recent amendments to the Indian Companies Act. If they are prepared to limit their business in this way, incorporation under the Companies Act is not to our mind a necessary preliminary. What is essential, as the Banking Committee points out, is that they should develop deposit banking on approved lines and that they should maintain accounts which will be properly audited and published. In addition, if a private banker does

not wish to incorporate himself under the Companies Act, he would have to file a statement setting out the names and interest of his business partners, if any, and if he was a member of a joint Hindu family, the names and extent of the interest of the various co-sharers with similar statements from them testifying their willingness to assume their full share in the business.

13. The Banking Enquiry Committee did not suggest any precise figure for the minimum limit of capital. As our object is to encourage indigenous bankers to take up deposit banking so as eventually to fall into line with the scheduled banks, it is obvious that the minimum on which we should insist though it may be initially lower than that prescribed for the scheduled banks, should be one which is capable of being raised to the five lakhs prescribed for scheduled banks within a reasonable period, which we may, following the suggestion of the Banking Enquiry Committee, put at five years. We are *prima facie* of the opinion that the initial requirement should not be less than two lakhs and in this regard we are provisionally in agreement with the suggestion made in several of the replies received to our previous circular, though we shall make our final decision in the light of the replies received to para 16 of this circular.

14. We would also, as recommended by the Banking Enquiry Committee, be prepared to forego insistence on a compulsory deposit for what may be called the experimental period of five years, subject to their proviso that the amount of time and demand liabilities remains less than five times the capital.

15. We would again like to make it clear that there would be no necessity for incorporation under the Companies Act during this experimental stage of five years and that during that period any banker who found those developments unsuitable would be at full liberty to renounce direct contact with us and revert to his original business. At the end of the five years, we would be in a much better position to put up definite proposals to

the legislature, either for the framing of a separate Bank Act as suggested by the Banking Enquiry Committee or otherwise to standardise and co-ordinate the status of these registered private bankers on lines more in consonance with modern banking practice.

16. We are still, however, without any information whether these conditions will be widely availed of and we consider that it would be premature to take up the question of the detailed legislation which would be necessary to bring them into effect until this information is available. We would, therefore, be much obliged if the various organizations which represent the indigenous banker would ascertain from their members how many of them would be prepared to recast and limit their business on the lines suggested above. For the sake of convenience these conditions are summarised in the attached note.

17. We would also like to repeat that, again in accordance with the recommendation of the Banking Enquiry Committee, it was our intention that where indigenous bankers did not wish to organize themselves on the lines mentioned above they should be given the opportunity of developing their discount business and that the Reserve Bank, by agreeing to accept paper bearing names of approved parties when presented through a scheduled bank, would encourage commercial banks to give them facilities for organizing such business. This business would, we consider, be capable of considerable development if the indigenous bankers were to take the scheduled banks more into their confidence by supplying them with information about the composition of their partnerships and submitting to them audited balance sheets. If they take these steps we are sure there will be much greater cooperation between the indigenous bankers and the scheduled banks and through them with the Reserve Bank.

18. Apart from these proposals we would further suggest that those indigenous bankers who would not be eligible for direct Reserve Banking facilities under our

scheme might organize themselves on a joint-stock basis into discount companies with membership confined to themselves within a given area. The Reserve Bank would be prepared to discount their paper when presented through such discount houses subject to the usual central banking principles. By this method the indigenous banker would not be required to make so complete a change in his present banking methods. We should be glad to give our careful consideration to any definite proposal on these lines.

RESERVE BANK OF INDIA,

Central Office,
Calcutta, 26th August 1937.

J. B. TAYLOR
Governor.

ANNEXURE

The following conditions should be stipulated for indigenous bankers who wish to be linked directly to the Reserve Bank :—

(*i*) They must confine their business to banking proper as defined by the Indian Companies Act. Any other business that they might be conducting should be wound up within a reasonable time.

(*ii*) They must maintain proper books of account, and have them audited by registered accountants ; the Reserve Bank will have the right to inspect the accounts and call for any information necessary to determine the financial status of the banker.

(*iii*) They must file with the Reserve Bank the periodial statements prescribed for scheduled banks. They must also, in the interests of their depositors, publish the returns prescribed for banking companies by the Companies Act and be liable to the same penalities for non-compliance,

(*iv*) The Reserve Bank will have the right of regulating the business of the bankers on banking lines, when necessary.

(*v*) During a period of five years from the date of their registration as private bankers in the books of the Reserve Bank, they will be entitled to open an account at any of the offices of the Reserve Bank, and be otherwise subject to the same conditions as the scheduled banks except that during such period they will not be required to furnish the compulsory deposits set out in Section 42 of the Reserve Bank Act, unless any of their weekly statements discloses that their time and demand liabilities are five times or more in excess of their capital in the business.

(*vi*) If an indigenous banker does not incorporate himself under the Companies Act, his liabilities in respect of his banking commitments will be unlimited. He should therefore state the amount of capital he has available for banking business. (Bankers with a capital of less than two lakhs need not apply).

(*vii*) When required they will have to indicate—

(*a*) the names and the extent of interest of their business partners if any ; and

(*b*) if any of the bankers is a member of a Hindu joint family, the names and interests of the co-sharers. In both the cases statements will be required from the co-sharers that they are prepared to take their full share in the business and its liabilities.

(*viii*) This scheme will be a tentative one for a term of five years ; but before the end of this period the Reserve Bank will frame proposals for legislation, if it thinks fit, further to co-ordinate or regulate the position of the private banker. It

is likely that such legislation would take the form of a separate Bank Act as suggested by the Banking Enquiry Committee or otherwise to standardise and coordinate the status of these registered private bankers on lines in consonance with the scheduled banks.

(*ix*) (1) If they satisfy the above conditions, they will have the privilege of rediscount with the Reserve Bank against eligible paper, the right to secure advances against Government Paper, and remittance facilities similar to those for the scheduled banks.

(2) If the Reserve Bank decides to take action on the lines here indicated, legislation will be necessary, and the indigenous bankers will then be called upon to make an application in the manner which may then be prescribed.

(3) The Reserve Bank wishes to know whether the members of your association are prepared to be registered as private bankers with it on the above terms. We shall be glad to have their names and capital resources communicated to us as early as possible but not later than the end of September.

Letter No. 2768 dated 6th October 1937, from Chamber to Reserve Bank of India.

The Committee of this Chamber have received your draft scheme for the linking of indigenous Bankers with the Reserve Bank of India, and have considered it in all its aspects. They are in general agreement with the proposals and suggestions made in your scheme, with certain minor modifications which they are later on suggesting. It is, my Committee believe, the intention not only of the Legislature but also of the business community in general that there should be found room for indigenous Bankers, or Shroffs as they are called, in any banking scheme which

would sprout up in connection with the Reserve Bank of India. Those who had taken part in the framing out of the scheme of the Reserve Bank of India had a vision of an All-India Banking organisation which would fertilise the arid fields of Indian trade and commerce and Banking. Looked at from the modern conception of Banking, it is a *sine qua non* of the development of a country. Specially would this apply to a country like India where the powers-that-be have been extraordinarily remiss with regard to the provision, organisation and development of Banking in any form, either commercial or industrial or Central. Government naturally were expected to make up the lee-way by the organisation of the Reserve Bank. My Committee have pointed out in the past that the success or failure of the Reserve Bank will depend not upon any theoretical scheme that may be set up and developed, but upon its evolution in consonance with national traditions and national spirit of trade and commerce. Holding these views, as they do, my Committee are of opinion that no organisation of the Reserve will succeed in the aims and objectives set before it, unless it takes into account the indigenous Bankers or Shroffs, who are a vital and fundamental component of Indian Banking since times immemorial. They have had their own place—and a very big place—in the scheme of Indian Banking and have rendered a memorable service in all the departments of trade, commerce and agriculture. My Committee, therefore, are now glad, though they extremely deplore the delay in the preparation of the scheme, that the Reserve Bank authorities have ultimately placed such a scheme before the public and they hope that this scheme, with some essential alterations necessiated by the circumstances of the case, will go a long way to ratify the promises which were made and to satisfy the natural aspirations of the indigenous Bankers and to provide the necessary pabulum of the frame-work of Indian Banking and trade and commerce.

2. Taking now the different suggestions, my Committee find that the very first suggestion is that Shroffs should

confine their business to Banking proper as defined by the Indian Companies' Act and that any other business that they might be conducting should be wound up within a reasonable time. My Committee apprehend that if this condition is insisted upon, it will make the whole scheme entirely futile. They themselves are, as they wrote in their letter, dated 24th June 1937, No. 1770, of opinion that there should be separation of Banking from other businesses conducted by the Shroffs. At the same time, they feel that "they (the Shroffs) should have freedom to conduct other business provided it is not speculative and there should be a strict regulation that indulging in speculative transactions would, at the discretion of the Reserve Bank authorities, make them ineligible for being included in the Schedule." There cannot be and should not be any legal segregation. Shroffs may be primarily and principally Bankers, but at the same time they do not cease to be traders. It is quite understandable that they should be required to maintain proper books of account and have them audited by registered Accountants; as also that the Reserve Bank should have the right to inspect the accounts and call for any information necessary to determine the financial status of the banker. This should not mean, however, that there should be legal segregation of their banking business from any other business. This condition merely means that the Reserve Bank authorities want to get in conditions by a side-door which they cannot get in by a front door. To insist upon this condition would only mean that the indigenous Shroffs should, if they want to be recognised as indigenous Bankers for purposes of business dealings with the Reserve Bank, either convert themselves into a legal entity as some Bank or cease to transact any other business whatsoever. This will react with disastrous effect not only on the Shroffs themselves, but on the general trade and commerce. My Committee, therefore, hope that the Reserve Bank authorities will accept the broad principle laid down by them with regard to the separation of banking from other business and not insist, as they did at one time, upon any legal segregation.

3. With regard to capital, my Committee are in favour of the requirement that Shroffs should have a capital of Rs. 2,00,000, but they do not approve of the suggestion that this capital should be increased to Rs. 5,00,000 in five years in order to continue the recognition. This might possibly mean that at the end of five years, recognition may be withdrawn from several Shroffs. It is difficult, if not impossible, to increase the capital to Rs. 5,00,000 in a small period of five years. My Committee, therefore, suggest that only an initial capital of Rs. 2,00,000 should be insisted upon and the Shroffs may then be left to increase it as their resources permit. My Committee doubt very much if any such provision has ever been insisted upon in the case of the scheduled banks; it is neither fair nor feasible.

4. My Committee may here point out that it would be a mistake and misleading to rely upon any definition of Banking as given by the Indian Companies' Act. The Indian Companies' Act is concerned with Joint Stock Banking and it is but natural that any definition which it gives is concerned with Joint Stock Banks and takes no account of the business practice and system of Shroffs. The emphasis laid upon deposits, therefore, cannot be approved of. Taking of deposits may be an essential qualification of Banking under the Indian Companies' Act, but need not be so with regard to Shroffs. It should not, therefore, be construed into a definition. Shroffs may and do take deposits. There are some Shroffs, however, who can conduct their business without taking any deposits. All that my Committee say is that taking of deposits should not be made an essential condition for their recognition by the Reserve Bank.

5. It is mentioned in suggestion (*iii*) of the annexure, that the Shroffs must publish the returns prescribed for Banking Companies by the Indian Companies' Act. While my Committee agree that they must file with the Reserve Bank periodical statements prescribed for scheduled banks, they cannot agree that such returns should be published.

It is all very well for the Joint Stock Banks to be required to publish all their returns, but it would not be considered advisable for the Shroffs to publish them.

6. With regard to periodical submission, my Committee are of opinion that the period here should not mean one week as is the case for scheduled banks. It would do if the Shroffs are normally required to submit their accounts not more frequently than once a month. It is advisable that the exact period should be fixed after consultation with the Shroffs.

7. My Committee agree that no deposit should be taken at present by the Reserve Bank from the Shroffs who are affiliated to it; there should be at the same time no mention of the clause regarding deposit being taken after five years. This condition in fact may be postponed for five years, after which period it may be decided whether any deposit should be taken from the Shroffs or not.

8. It is said in paragraph (*viii*) of the annexure that the scheme will be a tentative one for a term of five years and that before the end of this period the Reserve Bank will frame proposals for legislation *if it thinks fit*, further to coordinate or regulate the position of the private banker. My Committee presume that there will be an amending Bill very soon for the recognition of indigenous Bankers and that a definite scheme and a definite amending Bill will be published as soon as possible for the purpose. They cannot understand, however, why this whole scheme should be considered tentative and why still further there should be a necessity for proclaiming from now that there will be another legislation after five years—presumably to revise the scheme of the linking up of indigenous private bankers with the Reserve Bank. My Committee strongly protest against the implications in this suggestion. If a scheme is merely tentative and if after five years the Reserve Bank is again to bring in amending legislation it may, for what my Committee know, have the catastrophic result of disqualifying all the indigenous Shroffs and nullifying

all the proposals and suggestions which are made now for their recognition. My Committee feel strongly on this question and cannot help saying that paragraph (*viii*) appears to them to be extremely short-sighted, unfair and unjust. A definite assurance needs to be made by the Reserve Bank authorities to allay fears on this score, if this scheme is to be successful and a permanent feature of the Banking organisation of India.

9. Before concluding, my Committee may be allowed to say that it is not practicable to give names of Shroffs who are prepared to be registered as private bankers unless a definite scheme is adopted and published after the necessary amendment in the Reserve Bank Act.

10. In this connection, my Committee have seen the representation addressed by the Bombay Shroff Association, which is affiliated to this Chamber, and I am to say that my Committee desire to support warmly the views expressed therein.

11. In conclusion, my Committee beg to urge that an early and speedy action should be taken by the Reserve Bank authorities in order to make the scheme successful. They hope that the suggestions and proposals they have made herein will be adopted as far as possible to make the scheme acceptable and successful.

APPENDIX 40

Publication of the Annual Report of the Controller of Currency

Letter No. 368 *dated 9th February* 1937 *from Chamber to Reserve Bank of India.*

The attention of the Committee of this Chamber has been drawn to the non-issue of the report of Controller of the Currency upto now. This report was one of the

most useful and important documents published by the Government of India. Last year also the report was issued late "on account of the great rush of work which followed the change over to the Reserve Bank of India". My Committee will be obliged if you will kindly let them know if, now that the Reserve Bank has taken over currency operations, the report is to be published by the Reserve Bank and if so, when the same could be expected.

*Letter No. C.O.R.*143/6(1)–37 *dated 12th February* 1937 *from Reserve Bank to Chamber.*

With reference to your letter No. 368 of the 9th instant, we beg to advise having referred the question to the Controller of the Currency and will write you further on receipt of his reply.

*Letter No. C.O.R.*270/6(1)–37 *dated 20th March* 1937 *from Reserve Bank to Chamber.*

In continuation of our letter No. C.O.R.143/6(1)-37 dated the 12th February 1937, we beg to advise that we do not propose to continue to publish a report exactly on the lines of the one formerly issued by the Controller of the Currency. All the information previously contained in the Controller's Annual Report is, however, available in the monthly statistical summary published by us and the publications entitled "The Budget of the Government of India" and 'The Mint Report".

2. The issue of the publication of a more detailed statistical summary by us is under consideration, and we understand that the Statistical Department of the Government of India is also considering the publication of financial and commercial statistics on an improved basis.

Letter No. 1266 *dated 28th April* 1937 *from Chamber to Reserve Bank.*

I am directed to acknowledge receipt of your letter No. C.O.R.270/6(1)–37, dated 20th March 1937. It is mentioned in your letter under reference that

"All the information previously contained in the Controller's Annual Report is, however, available in the monthly statistical summary published by us and the publications entitled 'The Budget of the Government of India' and ' The Mint Report'."

This is just what my Committee want to avoid. The report of the Controller of the Currency, as issued upto recently, was comprehensive and self-contained, and it may be said that the commercial community appreciated very much the form in which it was issued. It was also good for students of economic conditions of the country and publicists. Under the proposed arrangement in the first paragraph of your letter, however, all these advantages will presumably be taken away and people will have to refer to different publications for the information which they want, instead of finding it at one place.

The Reserve Bank is presumed to take over all the duties and functions of the Controller of the Currency and as such it will be quite appropriate and fitting if it continues to publish the report with such additions as it may deem desirable in public interest.

Under these circumstances, my Committee request the Reserve Bank Authorities to be good enough to continue to publish the Reports of the Controller of the Currency.

*Letter No. C.O.R.*408/6(1)-37 *dated 30th April* 1937
from Reserve Bank to Chamber.

With reference to your letter No. 1266 of the 28th instant, I am directed to advise that we are looking into the question once again with a view to the compilation of such a report as will best serve the needs of the public.

Letter No. 2676 *dated 29th September* 1937
from Chamber to Reserve Bank.

With reference to the correspondence ending with your letter No. C.O.R.408/6(1)-37, dated 30th April

1937, my Committee would like to be informed if the Reserve Bank has come to any decision in the matter and if so when they expect to publish the first Report under the new arrangement.

They would also like to have an idea of the scope and nature of the contents of the proposed report in order to enable them, if necessary, to make suggestions for the inclusion of additional information which, in the opinion of the commercial community, would be useful.

Letter No. 3057 *dated* 10*th November* 1937 *from Reserve Bank to Chamber.*

With reference to your letter No. 2676 dated the 29th September 1937, I am directed to state that the Bank has arranged for the publication of an annual report on the lines of the reports issued previously by the Controller of the Currency. A combined report for the years 1935-36 and 1936-37 is under print and will be ready for issue in the course of a few weeks.

APPENDIX 41

Statistical Tables relating to Banks in India

Letter No. 852 *dated* 20*th March* 1937, *from Chamber to the Director-General of Commercial Intelligence and Statistics.*

The above publication, at present, mainly consists of tables classifying statistics in relation to the Banks and banking activities under various heads. A suggestion has been made to my Committee that if explanatory notes are added to such tables examining the trend and progress, the same will be useful and the position presented by the statistics would then be more easily understood by businessmen and students. Moreover, no separate Official Year-book is issued in regard to Banks and banking in the country. In

the absence of such a Year-book, the usefulness of the present publication will be enhanced by such explanatory notes. My Committee hope you will be pleased to consider this matter and include such notes from the next issue of the publication.

Another complaint which is being often made in regard to the present publication is about the delay in issuing the same. For instance, statistics relating to 1934 were made available late in 1936. It is felt that the utility of the publication will be greatly enhanced if it can be issued earlier.

Letter No. 5280 dated 12th April 1937 from the Director General to Chamber.

I write to acknowledge receipt of your letter No. 852 dated the 20th March 1937 on the above subject and to thank you for the suggestions contained therein.

As regards the suggestions for addition of explanatory notes, I would observe that a short prefatory note is given in the Banking Blue Book which explains some of the more important statistics contained therein. In order to enable me to consider your suggestion more fully I would request you to be so good as to indicate some definite lines, if any, on which this note should be improved.

Regarding the delay in the issue of the publication I may say that this department has to depend on the voluntary cooperation of the individual banks for supply of returns and balance sheets which are usually received in this department many months after the close of the year to which the statistics relate. The position has, however, undergone a change with the inauguration of the Reserve Bank. Particulars relating to the working of the scheduled banks are now promptly available from the monthly statistical summary published by the Reserve Bank of India to whom the scheduled banks are under statutory obligation to supply returns.

APPENDIX 42

Trade Agreements and Ratification

Letter No. 2216 dated 14th August 1937 from Chamber to Government of India, Commerce Department.

I am directed by the Committee of this Chamber to address you on the question of the procedure in regard to ratification of trade agreements on behalf of India.

The general practice at present is that trade agreements are signed on behalf of India by the representatives of His Majesty's Government. Such arrangements are not placed for ratification before the legislation of the country. The last Indo-Japanese and Indo-British Trade Agreements were concluded without consulting the Indian Legislature. The Government of India have lately been consulting such unofficial Indian Advisers as they select in regard to the terms and scope of such agreements. Even here such advice, as may be tendered, is not accepted in whole or even in material particulars. For example, the recent Indo-Japanese Agreement, my Committee understand, was not strictly in conformity with the wishes and advice tendered by the unofficial Advisers. The result is that the terms of such agreements do not reflect the popular wishes or opinion in the country, and therefore fail to safeguard the national economic interests of India. My Committee consider this position as very unfortunate and most detrimental to the best interests of the country. They wish to suggest that in future all such agreements, before being ratified, should be subject to the sanction of the Indian Legislature. Such a procedure will ensure that the terms of the Agreement will be in consonance with public demand and national requirements. After all, the trade agreements affect materially the trade of India with the respective countries and it is in the fitness of things that in such an important matter as regulating the trade conditions between two countries, the representatives of Commercial Associations and the public should have a voice in shaping the terms

and details thereof. The procedure of getting such agreements ratified by the Legislature would afford such an opportunity.

This question also involves consideration of certain constitutional issues. Under the existing constitution, although external relations of the country are controlled and regulated by His Majesty's Government, the fiscal autonomy which India is supposed to enjoy presupposes the complete freedom to the country in the matter of adjustment of her tariffs and trade requirements. Thus, if for technical reasons, the Agreement has to be signed under the direction of His Majesty's Government, it should at least be provided that India should have full freedom to regulate the terms and scope of such agreements. This objective can be secured only if it is recognised that the sanction of the Indian Legislature must be obtained as a condition precedent to the final ratification of any trade agreement or any international arrangement affecting the trade and commerce of the country.

A clarification of the position is all the more necessary in reference to the new constitution. Under the Government of India Act, 1935, external affairs are a Reserved subject and the Governor-General's responsibility with respect to them will be to the Secretary of State and thus ultimately to Parliament. It was, however, recognised that such a position should not detract from the competence of the Government of India and the Federal Legislature to develop their own fiscal and economic policy and was not intended to restrict their freedom to negotiate trade agreements whether with U.K. or with other countries for the securing of mutual tariff concessions or arriving at any mutually satisfactory arrangements. As a matter of fact, in the draft Instrument of Instructions to the Governor-General published as CMD Paper 4805, it was specifically provided that "our Governor-General shall avoid action which would affect the competence of his Government and the Federal Legislature to develop their own fiscal and economic policy or would restrict their

freedom to negotiate Trade Agreements.....". It is true in the Instrument of Instructions as finally issued under Royal Sign Manual, the above provision does not appear. My Committee, however, take it that it is not the intention to restrict the competence of the Indian Legislature in this regard and thus affect India's freedom to determine her trade relations with other countries.

Having regard to the fact that a specific mention to that effect is now removed from the Instrument of Instructions as finally issued, it is necessary to ask for a re-assurance on that point. My Committee would, therefore, like to be enlightened in regard to the powers of the Government of India in the matter of such agreements. In any case, even if the signing of such agreements has constitutionally to go through the agency of His Majesty's Government, it is necessary to lay down definitely that the terms and scope thereof should be regulated by the Legislature of the country and that no such agreement should be signed unless the same had been first ratified by the Indian Legislature.

Letter No. 129(3)/*II-Tr. dated 3rd January* 1938, *from Government of India to Chamber.*

I am directed to refer to your letter No. 2216, dated the 14th August 1937, in which it is suggested that in future all trade agreements concluded by India should, before being ratified, be subject to the sanction of the Indian Legislature.

At the outset I am to observe that the remarks contained in your letter under reply with regard to the inclusion and subsequent omission of certain instructions concerning the development of fiscal and economic policy of India and the negotiation of trade agreements in the Draft Instrument of Instructions to the Governor General appear to be based on some misapprehension. In this connection I am to point out that the Draft Instrument containing the instructions in question (*vide* paragraph XIV)

has been prepared with reference to the office of the Governor General of India under the *All-India Federation*, and that this Instrument has not yet been finally adopted, whereas the Instrument of Instructions to the Governor General, which has actually been issued and does not contain the instructions referred to, has effect, as will be seen from its preamble, only during the operation of the provisions of Part XIII of the Government of India Act, 1935, i. e., during the period elapsing between the commencement of Part III of the Act and the establishment of the Federation.

The Government of India do not consider it appropriate to enter into any discussion as to procedure to be adopted for the ratification of trade agreements under the Federation when it is established. As regards the existing constitutional position, I am to invite your Chamber's attention to the enclosed copies of questions and answers in the Legislative Assembly which indicate Government's policy in the matter. I am particularly to mention in this connection that in the case of a trade agreement which necessitates tariff legislation the Indian Legislature would in any case be enabled to discuss the measure when the proposal for legislative action comes up before them.

1. Seth Govind Das' question No. 701 on the 29th September 1936 [parts (e) and (f)].
2. Mr. Satyamurti's question No. 15 and supplementaries thereto on the 23rd August 1937.
3. Mr. G. V. Deshmukh's questions Nos. 397 and 398 on the 8th September 1937.

LEGISLATIVE ASSEMBLY.

Tuesday, the 29th September 1936.

701. Seth Govind Das: Will Government be pleased to state:

* * *

(*e*) whether they have invited expert commercial opinion of this country before deciding the principle to be adopted in the matter of negotiation for the

establishment of trade relation with other countries; if not, the difficulties standing in their way for not doing so on a vital matter of such magnitude;

(*f*) whether, and if so, when this House will discuss the merits of the negotiations conducted by Government and whether any opportunity will be afforded to this House for the scrutiny of the principles involved, before committing the country, whether provisionally or finally, to the terms the trade relationship;

* * *

The Honourable Sir Muhammad Zafrullah Khan:

* * *

(*e*) Representative commercial bodies in India have been consulted as to the lines on which it is considered desirable to conclude a new Agreement with His Majesty's Government in the United Kingdom.

(*f*) The Government of India are under no constitutional obligation to place before the House for discussion the terms of a trade agreement before it is concluded.

* * *

Mondy, the 23rd August 1937.

15. Mr. S. Satyamurti: Will the Honourable the Commerce Member be pleased to state:

* * *

(*e*) whether the proposals of the Government of India will be placed before the Assembly for an expression of its opinion before any commitments are undertaken by the Government of India; and if so, when?

The Honourable Sir Saiyed Sultan Ahmed:

* * *

(*e*) The Honourable Member's attention is invited to the reply given to part (*f*) of Seth Govind Das' starred question No. 701 on the 29th September 1936.

Mr. S. Satyamurti: In reply to part (*e*) of the question, may I take it that the position is as was outlined previously, that before any final commitments are undertaken, the matter will be placed before the House, and their decision accepted by the Government ?

The Honourable Sir Saiyed Sultan Ahmed : I have already referred the Honourable Member to the reply given to part (*f*) of Seth Govind Das' starred question.

Mr. S. Satyamurti : I think my recollection is fairly all right, but I merely want to know whether the reply given was that Government will place their recommendations before this House and will abide by their verdict.

The Hon'ble Sir S. Sultan Ahmed : The Honourable Member might refer to that.

Mr. Satyamurti: But the Honourable Member can enlighten the House on the point.

The Hon'ble Sir S. Sultan Ahmed: I do not think it is part of my duty to read out the whole answer that was then given. I have, however, got it here with me and I will read out a portion of it. "The Government of India are under no constitutional obligation to place before the House every discussion on the terms of the trade agreement before it is concluded."

Mr. T. S. Avinashilingam Chettiar: May I know whether it will be placed before the House before it is ratified ?

The Hon'ble S. Sultan Ahmed: No.

Mr. Satyamurti: Apart from the constitutional position, may I know with regard to these pending negotiations what, in fact, the Government of India intend to do in this matter ? After the negotiations are over and when the Government have come to some tentative conclusion, may I know what they intend to do then ?

The Hon'ble Sir Sultan Ahmed: It depends entirely on whether there is an agreement or not. We will wait

and see. We cannot come to any conclusion at present. The Government of India are not in a position to come to any decision about it. The negotiations are going on and we must see whether there is an agreement or not. Then and then alone can we come to some decision.

Mr. Bhulabhai Desai : May I respectfully again divide this question into two parts as I did before. The question is this, whether the proposals of the Government of India, which will only fructify, I take it, after the negotiations have been completed, will be placed before the Assembly for an expression of its opinion before any commitments are undertaken by the Government of India ? May I respectfully ask whether this question of fact can be answered because the question is not that we want to know now at what stage it is, but the hypothesis of the question is that as and when, after taking the advice, this proposal has been accepted, would they place it before this House for opinion before the Government of India commit themselves to it as an agreement ?

The Hon'ble Sir Sultan Ahmed: I have answered the question by saying that it is the responsibility of the Government of India and they will come to certain conclusion. It may be before or after and they do not like to commit themselves at all at present. It is their responsibility and they will discharge that responsibility when the agreement is arrived at or even when there is no agreement.

Mr. Bhulabhai Desai: I am not denying that it is their responsibility in the sense that they can act as they like. That I appreciate, but the point that I am asking is whether in the same manner in which the question of the Ottawa Agreement was referred to in a statement by the Government of India that they would abide by the opinion of the House, I ask a similar question of fact with reference to part (*e*), that the whole of the denunciation would not have the value that the House attaches to it.

The Hon'ble Sir Sultan Ahmed: I am not prepared to answer that question at present, but as far as I can see the Government of India take full responsibility for a decision of this question and they will undertake the responsibility.

Mr. President (The Hon'ble Sir Abdur Rahim): The question is whether the Government of India are going to consult the House before any decision is arrived at.

The Hon'ble Sir Sultan Ahmed: We have answered that question. We say that the Government of India have got full liberty to come to a decision in their own judgment and they might do it.

Mr. President (The Hon'ble Sir Abdur Rahim): But will they consult the House before the decision is arrived at?

The Hon'ble Sir Sultan Ahmed: Not necessarily, Sir.

Mr. President (The Hon'ble Sir Abdur Rahim): If the Honourable Member is not in a position to answer that question off-hand, he can consider the matter.

Mr. T. S. Avinashilingam Chettiar: May I know what purpose will be served if the agreement is placed before the House after it has been concluded?

Mr. President (The Hon'ble Sir Abdur Rahim): That is an argument.

* * *

The 8th September 1937.

397. Mr. G. V. Deshmukh: Will the Honourable Member for Commerce and Railways be pleasd to state what is the political status of the Government of India in negotiating trade agreements (*i*) with the Dominions and Ceylon, and (*ii*) with foreign countries? What is the nature and extent of control by the British Government in respect of these agreements?

The Hon'ble Sir Sultan Ahmed: Sir, with your permission, I shall answer questions Nos. 397 and 398 together.

I would invite the attention of the Honourable Member to the provisions of section 314 of the Government of India Act, 1935, regarding the general control of the Secretary of State over the acts of the Governor General and the Governor General in Council. India does not enjoy as regards the negotiation of trade agreements the same political status as the self-governing Dominions but the difference is more of form than substance since as a matter of practice it has been established that Trade Agreements shall be negotiated by the Government of India direct with other Empire countries and also foreign countries.

Seth Govind Das: Are Government aware that sometimes difference in form becomes more than difference in substance ?

The Hon'ble Sir Sultan Ahmed: Possibly.

Mr. Satyamurti: There is a specific question in the last part, namely :

" What is the nature and extent of control by the British Government in respect of these agreements ? "

The Hon'ble Sir Sultan Ahmed: I have referred to section 314 of the Government of India Act.

Mr. Satyamurti. My Honourable friend referred to the Secretary of State for India. I am not concerned with the Secretary of State for India. I am asking specifically, apart from the Secretary of State for India who is part of the governmental machinery for India, what is the nature and extent of control exercised by the British Government. I am asking as a matter of fact, and not a as matter of law just now, the control exercised by the British Government in respect of these agreements.

The Hon'ble Sir Sultan Ahmed: As far as at present advised—I have not gone into the Government of India Act

very carefully—there is no control by the British Government except through the Secretary of State.

Mr. Satyamurti: I want to know whether the Secretary of State, the extent to which he has control, takes his decision in consultation with the Government of India, or takes orders from the British Government.

The Hon'ble Sir Sultan Ahmed: I have no information about that.

Mr. Satyamurti: With respect to the pending Indo-British trade negotiotions in London, does the Secretary of State for India take any part in them or about them? If he does so, does he do it as Secretary of State for India carrying out the wishes of the Government of India, or the commands of His Majesty's Government?

The Hon'ble Sir Sultan Ahmed: I am sure he does not take the commands of His Majesty's Government. The other part of the question I cannot answer.

Mr. S. Satyamurti. Does he take the advice of His Majesty's Government?

The Hon'ble Sir Sultan Ahmed. On that I have no information.

Mr. N. M. Joshi: Is it not a fact that the Secretary of State for India is a Member of the British Cabinet and as such he is bound to take their advice?

Mr. Satyamurti: I have read the Act carefully, and I say he is not bound to, in such matters.

* * *

APPENDIX 43

Abolition of Import Duty on Pig Iron in the United Kingdom

Telegram dated 18th March 1937, from Chamber to Sir Purshotamdas Thakurdas, Mr. G. D. Birla, and Mr. Kasturbhai Lalbhai (London) non-official Advisers regarding Indo-British Trade Negotiations.

Committee Indian Merchants' Chamber draw your attention to recent abolition of duty on pig iron imported into United Kingdom. Privilege of duty free entry of Indian pig iron into United Kingdom ensured under Article I of Indo-British Trade Agreement and under Article Six of Supplementary Agreement of 1935. This was considered to be in nature of preference for Indian pig iron in return for which certain preferences were given to British imports of iron and steel into India. The duty on imports of pig iron into United Kingdom having now been abolished altogether element of preference to India is removed. Such unilateral action in an arrangement covered by bilateral agreement amounts to repudiation of obligations under the agreement. Committee request you and your colleagues on panel of advisers to kindly bear this point in mind in connection with negotiations for fresh agreement with United Kingdom.

APPENDIX 44

Indo-Japanese Trade Agreement

Statement dated 29th April 1937, issued by Committee of the Chamber.

The results of the protracted negotiations in regard to a new Agreement with Japan are now published. The main features in outline are that the existing Trade Convention is to remain and a new Cotton Protocol, with slightly changed

terms is to be substituted for the old protocol. Thus, so far as the main Convention, which is the basic agreement between the two contracting contries is concerned, the *status quo* is to be maintained. It, therefore, only remains to be seen whether in so far as cotton and cotton piecegoods are concerned, the terms of the new Protocol are in any way more favourable or otherwise from the Indian point of view.

The three main considerations which had been urged by the Indian Merchants' Chamber and other public bodies in connection with the question of a new Trade Agreement were:—

(1) interests of cotton growers;

(2) interests of cotton textile industry; and

(3) interests of small indigenous industry.

The last item, viz. interests of our small industries seem to have been completely ignored and neglected in the new Agreement. This will certainly come as a disappointment to those who have been watching the effects of Japanese competition on some of our nascent industries, such as glass and glassware, hosiery, silk, soap, wire and wire nails, liquors, perfumery, paints, hardware, enamelware, chemicals, etc. The Convention, by ensuring the continuance of the most-favoured-nation treatment without any reservation except, of course, the right of adjustments necessary consequent upon currency depreciation, has completely overlooked the claims of these industries for relief from such unbridled competition. The difficulties experienced in the years 1931 and after in respect of affording protection or relief to our industries against dumping of Japanese goods, are still fresh in our minds. It was then found that the possibility of any anti-dumping legislation to forestall such measures was thwarted by the old Indo-Japanese Convention of 1904. It was to be expected that the Government of the country would have benefited by the experience of those days and would have armed themselves with sufficient powers to afford adequate protection to the struggling industries of the country

against such competition. It would appear that the non-official Advisers in connection with the Indo-Japanese Trade Negotiations had pressed on the Authorities the need for bearing this point in view. An explanation is, therefore, certainly called for as to the circumstances why even a mention is not made either in the Agreement or in the notes exchanged in regard to this vital point.

Coming to the Protocol, the terms are understood to be materially different from the unanimous recommendations of the panel of non-official Advisers. If necessary adjustments consequent upon the separation of Burma are made, it will be found that the new quota for imports of Japanese piecegoods into India is by 30 million yards over the quota under the old agreement. Instead of, therefore, getting any reduction in respect of this, we are faced with a situation where the Indian market will have to absorb 30 million yards more and the Indian textile industry will find itself displaced in the home market to that extent. In this connection, it is significant to note that last year Burma imported over 70 million yards from Japan, but under the new Burma-Japan Agreement the quota for Japanese piecegoods into Burma is fixed at 42 million yards. Is this reduction because of the fact that somebody else wishes to cater for the Burmese Market and would like to take advantage of this margin ? At any rate, it was unfair that the extra 30 million yards should have been passed on to India.

The demand for a separate quota for imports of artificial silk and mixed fabrics has not been agreed to. The loopholes of possible circumvention of quota arrangements by increased importation of made-up garments and by absence of any restriction on width in the linear yardage agreed to have not been closed. There was no justification to allocate a separate quota for fents; the same should have been included in the piecegoods quota, particularly so having regard to the complaints that such fents were more often than not regular piecegoods deliberately cut to fent-lengths.

While recognising the need for maintaining the Japanese export market for Indian raw cotton, it must be admitted that the quota fixed for the same is less than what Japan has actually been taking. On account of price and other natural factors, it is claimed that Indian cotton would have stood its ground well in the Japanese market. At any rate, Japan has been able to use her bargaining power in this regard to foist on India an Agreement which *prima facie* is more favourable to Japan and does not offer a corresponding *quid pro quo* to India.

Complaints have often been received of difficulties experienced in getting admission for Indian students for training in the factories and other connected industrial occupations in Japan. Facilities for such training is an essential preliminary for the industrial advancement of this country. As Japan wishes her manufactured goods to be absorbed in the Indian market, it is but in the fitness of things that she should also be willing, even as a matter of courtesy, to extend all such facilities to the students from this country. Other Governments are always very keen on getting such opportunities for the nationals of their country in countries with which they have important trade relations and the Governmtnt of India could also have utilised this occasion to press on the Japanese Authorities the claims of Indian students in this regard.

APPENDIX 45

Assistance to Small Industries against Japanese Competition.

Letter No. 312-*T*(6*c*) 37, *dated* 15*th June* 1937 *from Government of India, Commerce Department to Chamber.*

I have the honour to enclose a copy of this Department's letter No. 312-T(6)/37, dated the 15th June 1937, addressed to certain minor industries in India, which have

applied for assistance against Japanese competition together with a list of such industries. The Central Government will be glad to be furnished, by the 15th July 1937 at the latest, with as much detailed information as you are in a position to give on the various points raised in the questionnaire with regard to each industry.

Letter No. 312-T(6) 37 dated 15th June 1937, from Government of India to mior industries requiring assistance.

In connection with a suggestion that has been made that the industry in which you are interested is in need of assistance against Japanese competition, I have the honour to request you to be so good as to submit detailed information on the points noted below regarding the..... industry.

The information should reach the Government of India not later than 15th July, 1937.

(1) The main centres in India where the industry is carried on.

(2) The principal markets in India for your products.

(3) (*a*) The total Indian production—(i) quantity, (ii) value—during each of the three financial years, 1934-35, 1935-36 and 1936-37.

(*b*) The annual output of your factory during the same periods.

(*c*) The maximum capacity of your plant.

(4) The total imports into India of articles similar to those manufactured by the Indian industry—(*a*) quantity, and (*b*) value—during each of the three financial years 1934-35, 1935-36 and 1936-37. Separate figures to be given for (i) Japan, and (ii) all other countries.

(*Note*: If possible give the names of the particular brands or marks of the imported articles which are competing with your products.)

(5) The total exports, if any, from India of the articles manufactured by the industry—(*a*) quantity, and (*b*) value—during each of the financial years 1934-35, 1935-36 and 1936-37.

(6) (*a*) The total amount of capital invested in the Indian Industry.

(*b*) The amount of capital invested in your own concern.

(7) (*a*) The total amount of (a) unskilled labour, (b) skilled labour, and (c) higher technical and supervisory staff employed by (i) the Indian industry, and (ii) your own concern.

(*b*) The total amount of wages paid to each of the above three classes by (i) the Indian industry, and (ii) your own concern.

(8) The cost of your production per unit of product for the latest year for which figures are available.

[*Note*: (*a*) If different kinds or classes of articles are produced, the cost of production should be given per unit of the most typical kind or class of article produced by the industry.

(*b*) This figure should be inclusive of (i) cost of materials, (ii) cost of labour, (iii) power and fuel, (iv) repairs and maintenance, (v) supervision and office charges, (vi) packing, (vii) miscellaneous, but should exclude (viii) depreciation, (ix) interest on working capital, (x) profit. The last 3 items should be shown separately.]

(9) (*a*) The amount of capital required under normal conditions to instal a factory of reasonable dimensions in India.

(*b*) The approximate annual output which such a factory would yield, working at full capacity.

(10) (*a*) The average c.i.f. price in Indian currency of articles imported (i) from Japan, (ii) from other countries, which compete with the Indian articles for which costs have been submitted :—

(i) January 1934, (ii) July 1934, (iii) January 1935, (iv) July 1935, (v) January 1936, (vi) July 1936, (vii) January 1937, (viii) April-May 1937.

(*b*) If information regarding c.i.f. prices is not available, the whole-sale market prices for these periods should be given, naming the market to which they refer and the amount of duty and discount being shown separately.

(11) (*a*) Are the articles produced by your industry consumed by other industries as their raw material? If so, what are these industries and how far would increased duties affect their costs?

(*b*) Are any of the raw materials used by your industry produced or grown in India? If so, what are these materials and to what extent are they used in your industry?

(*c*) Does the industry provide subsidiary occupation for the Indian agriculturist to any substantial extent?

(12) (*a*) What are the classes of goods in respect of which you consider that assistance is required?

(*b*) What rates of duties do you consider necessary in addition to the existing duties?

(13) Who are the principal consumers of your products in India; are they mainly rural or urban?

(14) How far would the rates of duty proposed by you place a burden on these consumers?

If after examining your replies to the Questionnaire it is found that further information is necessary, you may be required to depute a representative for personal consultation at Simla.

Letter No. 1901 *dated* 12*th July* 1937 *from Chamber to Government of India, Commerce Department.*

The Committee of the Indian Merchant's Chamber were glad to read the press communique published by the Government of India appointing Mr. R. K. Nehru, an officer of the Government of India, to enquire into the question of the protection to small industries against Japanese competition. My Committee urged the claims of these industries for protection at the time the Indo-Japanese Trade negotiations were going on and even non-official advisers pressed very strongly for action being taken to safeguard the small industries against their probable extinction through competition from Japan. Notwithstanding all that, the Indo-Japanese Trade Agreement was entered into without anything being done regarding the small industries. It is because of this that the Committee are now glad that Government have their attention drawn to the very pressing needs of the Indian small industries. At the same time, they must express their regret that the action taken does not meet with the necessities of the situation. Government have appointed an individual officer to enquire into the question, but my Committee are of opinion that the proper procedure would have been to appoint a Tariff Board and to refer the whole question to them. The present officer appointed by Government might very well be selected to act as Secretary to the Tariff Board appointed under such circumstances. My Committee realise that the argument may be advanced that a Tariff Board would mean delay. The Tariff Board in the past have been known to conduct enquiries and to prepare and submit reports within about 8 or 10 months even when such vital questions like protection to the Iron & Steel Industry, Cotton Textile Industry, etc., were concerned.

There is no reason why, even though minor industries concerned are many, the Tariff Board cannot finish the report in a reasonable period. The procedure of the Tariff Board will mean that the necessary light will be focussed on this question and that it will be helpful to Government

in arriving at decisions with regard to the steps to be taken to enable small industries to meet the Japanese competition. Under the circumstances, my Committee strongly press for the appointment of a Tariff Board as soon as possible.

There are certain statistics even of import and export, which the small industries cannot secure either from the Customs Department or anywhere else, though such statistics, it will be admitted, are most useful with regard to such an enquiry. My Committee, therefore, suggest that Government get these statistics for the benefit of small industries either from the Customs Department or through any other source.

It is also requested that Government will be pleased to extend the time limit for the submission of replies by the small industries. The time given is 15th July. This is, however, too short a period for all the industries concerned to submit their representations and my Committee hope that extension will be given of at least about one month.

Letter No. 312-*T*(6c)/37 *dated* 19*th July* 1937 *from Officer on Special Duty, Government of India, Commerce Department, to Chamber.*

With reference to your letter No. 1901, dated the 12th July 1937, I am directed to forward, for your information, a copy of this Department's letter No. 312-T (6)/37, dated the 2nd July 1937, addressed to the Federation of Indian Chambers of Commerce and Industry.

Letter No. 312-*T*(6)/37 *dated 2nd July* 1937 *from Government of India to Federation of Indian Chambers of Commerce & Industry.*

I am directed to refer to your letter No. F. 1070, dated the 21st June 1937, and to say that the views of your Federation have been noted by the Government of India.

I am also to observe in this connection, that, while the Government of India do not consider that any useful purpose will be served by increasing the number of 'investigators at the present stage, their object in addressing the Questionnaire to all recognised Chambers of Commerce and commercial bodies in addition to the applicant firms was to ensure that no possible source of information remained untapped. The Government of India will therefore be grateful for any assistance that your Federation will be good enough to give either to their own constituents or to other firms in putting up their case.

Letter No. 2775 dated 6th October 1937, from Chamber to Government of India, Commerce Department.

In connection with the above enquiry, the Bombay Millowners' Association have forwarded to my Committee a copy of their representation to Government, No. 3145/89 dated 24th August 1937. My Committee have examined the case of the Cotton Blanket Industry as presented therein, and are in general agreement with the views expressed ing the same. My Committee trust that as a result of the enquiry the Industry will be afforded the assistance it has asked for.

Letter No. 2544 dated 15th September 1937, from Chamber to the Officer on Special Duty.

In connection with the above Enquiry, the following interests have forwarded to my Committee copies of the cases for assistance for the respective industries submitted to Government :

1. The Millowners' Association, Bombay—for the cotton yarn industry.

2. The Healds & Reeds Mfg. Co. of India, Ltd., for the healds and reeds industry.

3. The Ogale Works, Ltd.—for the lantern industry.

4. Kirloskar Bros., Ltd.—for the manufacture of pumps.

My Committee have examined these representations and are in general agreement with the views expressed in the same. My Committee hope that as a result of this Enquiry, the industries in question will be afforded the assistance they have asked for.

In this connection, I am also directed to draw pointed attention to the part played by the depreciation of Japanese currency in facilitating such competition. It is necessary that the proposals of Government for assistance should include automatic provisions to counteract any effort to circumvent the tariff by further currency depreciation. My Committee trust that this aspect will be borne fully in mind by Government.

Letter No. 3175 *dated* 23*rd November* 1937, *from Chamber to Government of India, Commerce Department.*

The attention of my Committee has been drawn to a press communique dated 3rd November 1937, announcing Government's decision not to proceed with the departmental enquiry in regard to assistance to the small industries against Japanese competition. The chief reason for such a decision, as reported, is that in view of the unsettled political conditions in the Far East and the consequent rise in the prices of Japanese imports into India, the competition from that country has become less pressing and that, therefore, the present unstable conditions cannot be suitably made a basis for tariff adjustment. My Committee very much regret the above decision. It is unfortunate that, after raising hopes in the struggling industries that their case would receive sympathetic consideration, Government should abandon the whole enquiry for reasons brought about by temporary factors. The question of Japanese competition was not a recent phenomenon. The Indian industries have been suffering from the same for a long time, and Government initiative in ordering an enquiry, though belated, was, my Committee believe, to review the whole problem and not with any particular reference to prices that may be prevailing temporarily.

2. Government claim that Japanese prices have been steadily rising. Assuming that it was so, the question at issue, with which the Nehru enquiry was primarily concerned, was how far prices of imported articles were below even the cost of production of corresponding Indian-made articles. There was, therefore, nothing to prevent the enquiry being completed with a view to prices of Indian-made articles being ascertained, so that as soon as the prices of corresponding Japanese imports were found to be less than the cost of manufacture, immediate action could be taken. My Committee are, therefore, strongly of opinion that the Government of India should ask the Special Officer to complete the enquiry. Already the report about the suspension has created fresh fears in the minds of those concerned with such small industries, and if for no other reason at least to inspire confidence in them the Government of India should complete the enquiry, so that the industrialists might feel that their intersts are being watched by Government.

3. It has already been represented to Mr. Nehru that not only the Japanese competition but competition from other countries is also troubling the small industries in India and that factor should simultaneously be examined.

4. The question of railway freight is another very important factor, which has handicapped the progress of several important industries and must be remedied at an early date. Mr. Nehru, during his interview with some industrialists, promised to look into and give due consideration to all these, and if now it is decided to abandon the enquiry, small industries of the country will be greatly disappointed and their progress greatly hampered.

5. My Committee further urge that as soon as the enquiry is completed a report should be published and Government should also announce the line of action they propose to take. Such a procedure will greatly reassure small industries and inspire them with hope and confidence

in their present depression. In this connection, my Committee may be allowed to refer to Messrs. Ogale Glass Works which are threatened with a closure unless immediate steps are taken to help them.

APPENDIX 46

Protection to the Sugar Industry—Tariff Board Enquiry.

Letter No. 173 *dated* 11*th May* 1937 *from the Tariff Board to Chamber.*

With reference to your letter No. 1254 dated the 28th April 1937, I am directed to forward herewith a copy of the General Questionnaire prepared by the Tariff Board in connection with their enquiry into the question of the extent of protection required by the Indian Sugar Industry during the period from the 31st March, 1938, to the 31st March, 1946, and to say that in case the questionnaire does not apply in toto to your actual position or particular interest in the trade, you need answer only such questions as refer to matters of which you have special knowledge. I am also to ask that your replies, with six spare copies, may be forwarded as early as possible and in any case not later than the 25th June, 1937.

Letter No. 1772 *dated* 25*th June* 1937 *from Chamber to Tariff Board.*

With reference to your letter No. 173 of the 11th May 1937, I am sending to you herewith the replies of my Committee, with six copies, to the questionnaire of the Board. I may add that my Committee have answered only questions involving general matters of policy and principle.

Extracts from the Questionnaire of the Tariff Board

Claim for Protection

108. Since 1932 the rates of duties on sugar, sugarcandy and molasses imported into India have been as follows :—

Sugar	..	Rs.	9	1	0	per cwt. from	April 1932.
„	..	„	9	4	0	„ „	March 1937.
Sugarcandy	..	„	10	8	0	„ „	Febry. 1934.
Molasses	..		3½%	*ad*	*valorem*	from	April 1932.

To what extent has the measure of protection enjoyed by the Industry been effective?

109. The Board has been asked to consider whether it is necessary to continue protection to the present extent or to a greater or lesser extent. Please state your views, giving reasons for any rates you may suggest for the remaining period of protection i. e., from 1st April 1938 to 31st March 1946.

110. What forms of assistance other than a protective duty do you consider necessary for the development of the industry? Please give your reasons in full.

111. What has been the effect of import duty on molasses? Has the duty adversely affected any industry in India?

Memorandum submitted by the Committee of the Indian Merchants' Chamber in reply to the Questionnaire of the Tariff Board regarding Protection to the Sugar Industry.

108. The protection recommended by the Tariff Board appointed in 1930 was embodied in the Report submitted to the Government of India on the 29th January 1931 and the Government of India published their recommendations by a Resolution dated 30th January 1932. These recommendations stabilised the position of the Industry and gave it a measure of protection for which it was asking for a long

time. There are industries in this country the history of which was written in a series of failures for a number of years and the Sugur Industry was one of them. Several companies were started and several had to go into liquidation with the result that it had commonly come to be accepted that the Sugar Industry would not prove successful in this country. The protection given, however, under the recommendations of the Tariff Board Report changed all this and brought about a condition of things under which sugar companies were not only enabled to maintain themselves against both external and internal factors which otherwise worked for their disintegration but were also able to show a rapid and quick progress. It led to the establishment of numerous sugar companies and to the investment of about Rs. 25 crores in the Sugar Industry. The number of sugar factories in 1930/31 was 29, in 1931/32 the number was 57 and is now (1935/36) 155. India imported in 1930/31 from foreign countries 9,01,200 tons of sugar (excluding molasses) of the value of Rs. 1,054 lakhs. The development of sugar factories in this country under the measures of protection referred to above led to the gradual decline of imports of sugar till the figures now (1935/36) are 2,01,200 tons (1935/36) of the value of Rs. 191 lakhs. The production of sugar (including sugar produced by indigenous sources) *pari passu* has increased considerably and statistics with regard to the same are as follows:

1930/31	..	3,51,000	Tons.
1931/32	..	4,78,300	,,
1932/33	..	6,45,000	,,
1933/34	..	7,15,000	,,
1934/35	..	7,67,000	,,
1935/36	..	9,12,000	,,

The rise and growth of sugar factories in the country has led to the import of sugar machinery as India is not still manufacturing machinery of this kind. The expansion of the industry has also reacted in a very beneficial manner upon agriculture and the result is that the production

of sugarcane has tremendously increased as will be seen from the following figures:—

Area under sugarcane cultivation

(In 10,000 acres)

Year.	Total area under sugarcane cultivation.	Area under improved varieties of sugarcane cultivation.
1930/31	29,02,000	817,094
1931/32	30,76,000	11,70,478
1932/33	34,35,000	18,45,788
1933/34	34,33,000	22,95,257
1934/35	36,02,000	24,45,719
1935/36	41,41,000	30,71,153

Prices of Java sugar may well be compared with the prices of the Indian sugar during the last quinquennium of sugar protection. All these figures and statistics show how the sugar industry has come to stay in this country and how the protective duties have stabilised the position of the industry. India possesses large scale industries in cotton, cotton textile, coal, iron and steel, matches, cement, etc., and to this may now well be added the Sugar Industry. There is still a very large field before this industry in this country, as the per capita consumption of sugar is still very low on account of the poverty of the people. Sugarcanes eaten by large sections of the people have, to some extent, satisfied the need for sugar and the large *gur* industry carried on in villages and even on sugar plantations have also supplied the necessity felt by human beings for sugar. It may be expected that with the growth of education, cane sugar may take the place of both these above-mentioned substitutes. It may be that sugarcanes or *gur* taken by themselves are healthier diatetic habits than sugar; but what we are concerned with here is, is the progress of the industry as a whole. India is a large agricultural country with hundreds of thousands of villages and it is a well observed thing that there is a great fondness for sweets among Indian people and there are Sweet Shops in

practically all these villages. All this tends to show that the sugar industry, even though there may be periods of depression, has come to stay in the country and will fulfil the long-felt want. It is an industry which is based upon the necessities of life and not upon any luxurious or acquired tastes.

All these results abovementioned have been achieved by the protective duties and their continuance for sometime to come is needed for warding off any dangers, that may be there threatening the industry which may be said to be still in its infancy.

The history of prices of this industry during the recent years is interesting. The Java sugar was formerly selling at prices at which the local sugar could not compete with it. With the protection given to it, however, the parity was in India's favour and the Java sugar had its prices raised recently. The cause of this rise in prices of Java sugar may be the curtailment of production in Java as also perhaps a sort of window dressing to show to India that the Java sugar prices are so high that it will never be able to compete with Indian sugar at its present prices. Unfortunately, it is not possible to give comparative figures with regard to the cost of production of Java sugar. It has happened several times in the past that while the Tariff Board is examining the case for protection of some industry or the other, the foreign manufacturers or the merchants interested in foreign products competing with the local products cannot or will not give information with regard to the foreign industry which bears largely upon the question at issue. It is likely that importers of Java sugar or sugar merchants generally may present to the Tariff Board their own viewpoint with regard to the protection for the sugar industry. My Committee suggest that the Board should ask these merchants to produce statistics showing the cost of production of the Java sugar as this is essential for purposes of comparison. The prices of Indian sugar are at present almost Rs. 4 per maund below Java sugar price. My Committee, however, very

earnestly urge that this difference should not mislead anyone into believing that Indian sugar has now so established itself that it does not stand in need of the continuance of the protection it enjoys. The low prices may be and are perhaps due to internal competition. Such internal competition, however, may disappear through several causes and the production costs and other factors may compel the prices to rise up. It may also happen that the Java manufacturers may, in order to regain India's market have at once a severe climb down in their prices. My Committee consider, therefore, that on the basis of prices there can be no grounds for lowering the protection hitherto given to the sugar industry.

The reference to the prices in the above paragraph will show how even under the present protection consumers are not charged anything abnormally. My Committee have always considered that while protection is given to any industry in the general interests of the country as a whole, consumers may have to undergo some sacrifice. This sacrifice, however, is in more cases than one more apparent than real for advantages which the consumers as a class gain through the development of that particular industry consequent upon the protective duty may outweigh the disadvantages, just as is the case with the State. It is in fact a cruel mockery on the part of certain so-called Free Traders, whether in the official or non-official *bloc*, to bring forward an excuse of consumers in season and out of season, to justify their pet theories and also to justify them in rejecting the fair and just claims of any industry for protection. In a country steeped in poverty like India with their masses going on one meal and with men and women half-dressed surely the pretext of any sympathy for consumers is only hypocritical and misplaced. It will be only if the industries are developed that these masses of people will be able to emerge from their half-starved and half-clothed condition. With regard to the sugar industry the prices have upto now been so well regulated that consumers cannot complain of them. As pointed out already even

now there is a difference of Rs. 4 per maund between Indian sugar and Java sugar and so the consumer has no complaints whatsoever. Even if the Indian sugar prices rise in future it may be considered as a contingency of the industry and as not a permanent factor, for it must be taken into consideration that with a prosperous industry more factories are bound to come up and there is sure to be internal competition resulting in keeping the prices on a fair and rational level.

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The agriculturist has benefited largely by the growth and development of the sugar industry. It is estimated that the agriculturist has received about Rs. 8 crores through this every year. Surely this is a factor which cannot be lost sight of and which Government, with their expressed sympathy for the agriculturists, cannot consider as an irrelevant or a negligible factor. Prices of sugarcane in the northern tract have been fixed and it is upto Government authorities to see that the manufacturers are paying these prices in all good faith. These prices may be increased in future if the conditions of the industry at the time warrant that an increase may be made in the prices; in any case the minimum price for cane should be statutorily fixed. My Committee, however, are of opinion that a more rigid scrutiny that is perhaps now done, should be made with regard to the purchase and sale of these sugarcanes by the different factories and abuses, if any, should be weeded out. The industry has also given employment to large numbers and in these days of unemployment this particular factor cannot be lost sight of. The factory is run practically for about 8 months. So far as the information of my Committee goes, many factories manage to keep the labour force they employ in the regular season. Government may well consider the question of inducing the factory owners to see that, as far as possible, the labour employed by them is continuous. Steps should also be taken to see that the housing condition of these labourers and other amenities of life are fair and decent. My Committee hope that the factory owners do not want to take advantage of

the protection they enjoy to have any exploitation of the labour they employ. They urge on grounds of general humanity as also the recognised canons of labour that the housing and other social questions should be thoroughly gone into by Government in consultation with parties concerned, so that the industry while it enjoys protection, passes on the benefits to its labour force.

109. The Board has been asked to consider whether it is necessary to continue protection to the present extent or to a greater or lesser extent. When the last Board made their recommendations for protection, the suggested period was 15 years, during the first half of which protection was to be Rs. 7/4 and during the next half it was to be Rs. 6/4. Government, however, accepted the recommendation only so far as the first half of the period was concerned and for the second half stipulated that there would be a Statutory Enquiry, the measure of protection to be fixed after such an Enquiry. It would have been better if the measure of protection had been determined and given from the very beginning for 15 years. It is true that the period of protection is for 15 years, but this interrugnum of a Statutory Enquiry leads sometimes to an unsettlement of peoples' minds and consequently to unsettled conditions in the market. The stabilisation and growth of such industries is generally based upon the conviction and certainty about the prospects of the industry and the very fact that the industry has attracted Rs. 25 crores in such a short period tends to the belief that people have faith in the future of the industry. This faith would have been still stronger had there not been this interrugnum of the Statutory Enquiry. Since the last one or two years, there have been discussions going on and to some extent even an atmosphere of doubt or rather diffidence has been created partly due to the increase in the Excise duty and partly due to the impending enquiry of the Tariff Board.

The Committee of the Chamber are firmly and definitely of opinlon that the measure of protection should be

continued on the same scale and basis as it has been upto now. It may be argued that the sugar industry has shown immense profits and that at present it is in a position to withstand foreign competition on account of the low parity of its prices. Such factors, however, in the opinion of the Committee, should not lead one to discount the immense value and importance of the continuance of protective measures for the industry. It must be remembered that though sugar industry is known in this country for a fairly long time, its state of prosperity and strength is seen only during the last five years. This is too short a period for one to judge about the inherent strength of the industry. There may have been certain factors evidenced during the last five years which may have worked for the rise and growth of the industry and may have led to the successful results that have been shown all over the country. These factors may not be prevalent sometime after. The enthusiasm of the investors for a particular industry shows several times a tendency to disappear on the appearance of certain factors which were not noticed before. Thus, for instance, the imposition of sugar Excise duty may lead to a reaction against the industry even though the industry may, for the present, be able to pay the Excise duty levied. An industry is not always able to remain in a flourishing condition. Thus, for instance, the cotton textile industry, which is one of the biggest industries of the country has shown several ups and downs and even with the large measure of protection given, it has not still been showing any basic and inherent strength. Declaration of dividends, the Committee of the Chamber feel, should not be considered as a sign that the industry has come to stay and is no longer in need of any further protection.

The Sugar Protection Act should also contain specific provisions to the effect that if during the period of protection any action is taken in a country, the imports of sugar from which are competing with Indian sugar, in the nature of special subsidies, manipulation of Exchange, devaluation

of currency, special assistance by public or private agencies and manipulation of freight rates, it should be immediately counteracted by a variation of the rate of the protective duty so as to maintain intact the level of protection afforded to the industry. The principle of such changes in duty during the period of protection is recognised by Section 4 of the Indian Tariff Act, 1934, and my Committee request the Board to recommend a specific provision to that effect in the Sugar Protection Act itself.

110. My Committee have in their reply to the above questions strongly urged the necessity for continuing the present protection to the sugar industry. This by itself, however, will not suffice and the following other measures may be suggested for helping the industry :

(*a*) Full freedom for the utilisation of all bye-products and expert advice regarding the processes and possibilities of such utilisation, should be given. The proper utilisation of the bye-products of an industry plays an important part in determining the margin of profits.

Molasses is the most important bye-product in sugar manufacture. Restrictions, if any, on the manufacture of alcohol from molasses should be removed. Molasses constitute a big bye-product and prohibition in the way of manufacture of alcohol from molasses constitutes a great handicap from which the Indian sugar industry suffers. My Committee are informed that factories in Java are allowed to manufacture alcohol from molasses which enable them probably to send out methylated spirit etc., in competition with similar products in this country. They understand that in some of the Indian States also, Mysore for instance, such alcohol is being allowed to be manufactured. If this freedom is denied to British Indian factories, their cost in relation to cost of factories in States would be higher to the extent such products are wasted ; and this element of cost would be a handicap in business competition.

(*b*) There should be a substantial grant made to the Imperial Council of Agricultural Research for development

and research work. Even though sugar factories have developed fairly well, there are still several problems confronting them which require a good deal of research work for thought and consideration. A good amount, therefore, placed at the disposal of the Imperial Council of Agricultural Research would go a long way towards helping the industry on the research side.

(*c*) My Committee are informed that representatives of some Indian States have proceeded to Java to negotiate for heavy imports of sugar in these Native States Ports in consideration of certain concession. They hope that Government will find out if this is true. If the measure of protection already given to the industry and proposed to be given in the future has to bear any substantial fruits, Government should see that what they give in the nature of protection is not taken away by any backhand subterfuges or measures. It is a very serious question which should be considered by Government. The Government of India have been able recently by their strong measures, to put down smuggling going on in several parts of the country with regard to diamond, silk, silver, etc., and my Committee hope that they will concert equally strong and powerful measures to put a stop to the smuggling in the sugar industry if it is being carried on. My Committee wish to draw the attention of the Board to the following figures of imports of sugar into Kathiawar Ports and imports of sugar into British India from Kathiawar through Land Customs Line :

	1931/32 Tons.	1932/33 Tons.	1933/34 Tons.	1934/35 Tons.	1935/36 Tons.
Imports of sugar into Kathiawar Ports	93,451*	63,788	73,390	1,10,963	87,964
Imports of sugar into British India from Kathiawar across the Viramgam-Dhandhuka Land Customs Line	59,564	34,357	26,370	27,580	26,780

*Includes molasses.

My Committee are also informed that in some Indian States duties are levied on the imports of Indian sugar. They recognise that under existing treaty arrangements such States have the freedom to do so; but it is anomalous that sugar produced in the self-same State should be entitled to free entry in British Indian markets, and be in a position to compete with the Indian product. They suggest that where such duties are levied in Indian States, corresponding duties on products of such States should be levied on entry into British India.

(*d*) Another direction in which Government can help the industry is in the matter of rationalisation. Efforts on stabilisation of prices will only be possible with Government assistance. The industry by itself cannot govern its affairs and the State may give a protective hand in getting the industry properly organised. The State may also secure for the industry preferential duties in U. K. now available to the Colonies. The State can also undertake further research which would help the industry and give increased financial grants for the purpose.

General.

The Government of India forewent a certain portion of their revenues when they gave protection to the Sugar Industry. But this loss is made up to some extent by the Excise duties and my Committee presume that if the present excise policy is modified by allowing the molasses to be converted into alcohol, Government will get a greater excise revenue in the provinces where this sugar industry is now developed. It is a good money crop and agriculturists, through ready sales of their sugarcane crop, get the wherewithal to pay the land revenue.

The Committee of this Chamber are informed that the contracts between sugar manufacturers and merchants threaten to be more or less one sided and partial and so they suggest that such contracts should be on just, fair and equitable terms. The Committee also urge the standardisation of the qualities of sugar as without this it will

be very difficult for Indian sugar to compete with foreign sugar. Not only that, but with International Sugar Conferences a stage has come when India can no longer afford to go on with her antiquated methods of production and sale. Unless sugar is standardised, Indian sugar may not be recognised for international purposes. The standardisation will come in handy when India is able to export her sugar to foreign countries.

My Committee also strongly recommend that sugar manufacturers should be compulsorily required to supply statistics of production etc.

A proper marketing Association, paying greater attention to publicity and creating increased demand for Indian sugar is another need to be met. Government should assist the industry by bringing about such an organisation.

In several advanced countries of the West and even in Japan, factories which are enjoying protection from the State are required to provide for admission of students as apprentices. This condition should be enforced here also and factories should be required to admit students for training purposes. It should also be laid down as under the Sugar Production Act of Great Britain that as far as possible preference should be given to Indians in the employment of technical and managerial posts and labour.

My Committee have seen the announcement in the papers that an arrangement was entered into at the Sugar Conference whereby India would not be allowed to export sugar. As my Committee have not received official proceedings of that Conference they cannot understand who was responsible for such an agreement. As far as my Committee know, India was not represented by any manufacturer. Dr. Meek, who is reported to have represented India, is a Trade Commissioner and can by now means represent the interests of the sugar industry. It has been said that this was the rule observed with regard to all the countries and that they were all represented merely by Government officials. My Committee are informed that

this is quite incorrect and that countries like Australia were represented by their manufacturers. A grievous wrong has, therefore, been done to this country in not sending any responsible representatives of sugar manufacturers and in foisting this wholly iniquitous condition upon this country that she will not be allowed to export sugar to foreign countries. My Committee emphatically condemn such an undertaking given on behalf of this country and urge that, as soon as possible, this arrangement should be rescinded and the Board should recommend strongly that this country should also be allowed export of her sugar to foreign countries. They have already indicated in an earlier para the need for securing to Indian sugar the same perference in U. K. markets as afforded to Colonial sugar. The claim for preference should not be allowed to be forestalled by this arrangement of complete denial of export market for India.

APPENDIX 47

Import Duty on Wooden Blocks used for manufacture of Shuttles

Letter No. 2217 dated 14th August 1937, from Chamber to Government of India, Commerce Dapartment.

The Indian Shuttle Company, Ltd., of Bombay, have forwarded to my Committee copies of their representations addressed to the Government of India, ending with their letter dated the 23rd July 1937 on the above subject. They are requesting the abolition of the import duty payable on such blocks used in shuttle manufacture.

My Committee are aware that this question was examined by the Tariff Board in the year 1935. On that occasion, however, the issue was whether there existed any tariff inequality, i. e. whether the duty on imported shuttles was lower than the duty on the materials which had to be

imported for the manufacture of that article. The Board came to the conclusion that such tariff inequality had not been substantiated. Such inequality was ascertained by, in the words of the Board, "the comparative incidence of the duty on the raw materials, that is to say,.....the aggregate burden on the raw materiels as compared with that on the finished product and not with the comparative percentage." It would be relevant here to refer to the Government of India Resolution No. 38 T(2) of the 28th March 1925 which reads as under :—

> "The Government of India have received a number of representations to the effect that the development of certain industries in India is hampered by the fact that the duty on finished article is lower than the duty on the materials which have to be imported for the manufacture of that article....."

There is thus in the Resolution no attempt to draw such distinctions between the incidence of the duty and of the percentage of the duty. Although the wooden blocks imported for the manufacture of shuttle have to pay a duty of 25%, while the duty payable on finished shuttles as such was only 10%, the Board by stretching the argument of the incidence of the duty came to the conclusion that there was no tariff inequality.

My Committee would, however, like Government to examine this question on a much broader issue. The Indian Textile Industry is one of the most important industries of the country. At the time of considering the question of protection to this industry, the Tariff Board and the Indian public generally expected that the development of this industry would, in due course, bring about the development of ancillary industries also. It should be the objective of the Government of India to see, as far as possible, that all the necessary mill and gin stores are produced within the country itself. India should not be obliged to depend for all times on foreign supplies for such accessories. India imports annually, on an average, between Rs. 7 and Rs. 8 lakhs worth of shuttles. It is, therefore, legitimate and

fair to expect that any effort to manufacture such shuttles in the country should receive every encouragement from Government. As far as the information of my Committee goes, there is only one company manufacturing shuttles in India. It is true that the estimated capacity of that Company is about 300 gross shuttles per annum, i. e., about 5% of the estimated total requirements of shuttles in India. Even if this small effort is not allowed to thrive, India can at no time expect to make any progress in the direction of manufacturing her shuttle requirements. The facility which the Company asks for is also one which would not involve materially considerations of Government revenue. The total amount collected by way of duty on such wooden blocks, my Committee understand, is just over Rs. 2,000 per annum and giving room for all the possible expansion in the industry, the amount of the revenue cannot be advanced as a serious argument against the grant of the facility asked for.

My Committee, therefore, suggest that wooden blocks used for the manufacture of shuttles should be allowed to be imported at 10% *ad valorem* along with various textile machinery and apparatus detailed in Customs Classification 72 (1). Wooden winders, as a textile apparatus, is assessed at 10% and not at the rate applicable to wood, viz. 25%. Wooden blocks used for purposes of printing work are assessed only at 10%, being classified along with printing and lithographic materials. On the same analogy, it should be possible to treat wooden blocks for textile purposes, viz. for manufacturing shuttles, as a textile accessory and assess their duty accordingly.

My Committee hope that the Government of India would be pleased to consider the question favourably.

Endorsement No. 261-T(1)/37 dated 14th September 1937 from the Government of India to Chamber forwarding a copy of a letter bearing the same number and date addressed to the Indian Shuttle Co., Ltd.

With reference to your letters dated the 29th March and the 23rd July 1937, respectively, I am directed to say

that the Central Government do not find it possible to give precedence to your claim for exemption from import duty on wooden blocks required by you for the manufacture of shuttles, and that it will be considered in due course jointly with other outstanding requests of a similar nature.

Letter No. 2702 dated 30th September 1937 from Chamber to Government of India.

I am in receipt of your endorsement of the 14th instant, No. 261-T(1)/37." It is not clear whether this question is to be considered along with the cases for assistance against Japanese competition. It may be pointed out that in this particular case the application was for a general reduction of import duty on wooden blocks and the issue was not confined to Japanese competition.

My Committee would also like to know the details of the industries from which requests of a similar nature are outstanding.

Letter No. 261-T(1)/37 dated 22nd November 1937 from Government of India to Chamber.

In reply to your letter No. 2702, dated the 30th September 1937, on the above subject, I am directed to say that the reference to "other outstanding requests of a similar nature" made in this Department's letter No. 261-T(1)/37, dated the 14th September 1937 was to applications received by the Government of India from time to time asking for removal or reduction of import duty on raw materials used by certain Indian industries. These applications are awaiting consideration as and when financial circumstances permit of any reduction of duty being made. It is regretted that the Government of India are not in a position to disclose to your Chamber the details of such applications.

Letter No. 3399 dated 10th December 1937 from Chamber to Government of India.

I beg to acknowledge receipt of your letter No. 261-T (1)/37, dated 22nd November 1937.

My Committee regret to read your observation that applications from different industries asking for removal or reduction of duty on raw materials used by them are awaiting consideration *as and when* financial curcumstances permit of any reductions of duty being made. The industrial policy of the Government of India has, my Committee are pained to observe, more or less shown signs of short-sightedness. The progress, development and growth of industries lead to the financial prosperity of Government themselves and this principle has been recognised by Governments of several countries. Unfortunately, in this country quite a different policy appears to be followed, which is that as soon as the financial circumstances of Government are not in a good condition no assistance direct or indirect should be vouchsafed to any industry, big or small. This naturally leads to a vicious circle, as no assistance direct or indirect is forthcoming when financial circumstances do not permit, industries remain in a more or less precarious condition and the hand-to-mouth existence which they are forced to lead does not augur well for the financial condition of the country, that is of Government. The question with which my Committee are concerned here is with regard to duty on raw materials which, in some cases, is found to be much larger than the duty on finished articles. The healds and reeds and the shuttle industries are among those which are suffering from this disadvantage. The unfairness is so very obvious that my Committee thought that it only needed to be pointed out for its removal by Government. Unfortunately, Government have thought otherwise. My Committee again beg to request that the Government of India will be pleased to look into this question and consider the advisability of removing or reducing the duty on raw materials in case of those industries where the corresponding finished products are imported at a lower rate.

In this connection, my Committee beg to protest against the decision of the Government of India not to disclose to them the details of all such applications that they may have received. They cannot perceive how disclosure

of such applications to my Committee will lead to any public disadvantage or harm. It will lead rather to the clarification of issues and to commercial bodies like the Chamber being placed in possession of facts which are so very necessary for the proper appreciation of the demands of different industries.

APPENDIX 48

Abolition of Duty on Wheat Flour imported into Burma

Letter No. 1847 *dated 2nd July* 1937 *from Chamber to Government of India, Commerce Department.*

The attention of the Committee of this Chamber has been drawn to the recent removal of duty on wheat flour by the Government of Burma. It will be remembered that a protective duty of Re. 1 per cwt. was imposed both on wheat and wheat flour in India and in Burma in order to protect the Indian wheat growers and Indian millers from the competition of outside countries particularly Australia. But recently this protective duty lapsed and in India was substituted by a revenue duty of 25% *ad valorem* for wheat flour alone. This revenue duty of 25% *ad valorem* is not now imposed in Burma with the result that Indian growers of wheat and Indian millers are put to a great disadvantage as such a removal has facilitated larger imports of Australian wheat flour into that country.

This will affect not only Indian millers but also Indian agriculturists in whose interest the Government of India had moved sometime back and imposed the protective duty. While the Committee realise that Burma has now become a separate Crown Colony, ruled by her own laws, they cannot help bringing to the notice of Government that under the terms of the Government of India Act, there are certain restrictions and limitations placed in the way of the Government of Burma adjusting the tariffs in any way they

like. Thus for instance Para 4, Part III, The, India & Burma (Trade Regulation) Order, 1937, lays down that :

> "4 (1) The duties levied in Burma immediately before separation on goods imported to Burma from places outside Burma and British India, or exported from Burma into places outside Burma and British India, may only be reduced or abolished with the previous consent of the Governor–General of India."

My Committee presume that such a consent as is implied under this Order must have been given by the Governor-General for the step the Government of Burma have recently taken in removing the import duty on wheat flour. If so, my Committee deeply regret that such a consent should have been given when it is bound to be adverse to the Indian interests mentioned above. My Committee, therefore, beg to request the Government of India to be pleased to get the same scale of revenue duty imposed on the imports of wheat flour into Burma as is prevalent in this country and also to see that in future before any such steps are taken the India & Burma (Trade Regulation) Order is observed both in letter and spirit. My Committee beg also to suggest that in future whenever any such question arises Indian commercial and industrial interests may be consulted regarding the implications or effects of any proposed step.

APPENDIX 49

Tariff Classification of Transformer Oil

Letter No. 3240 dated 26th November 1937 from Chamber to Central Board of Revenue.

On 17th December 1935 my Committee had addressed the Central Board of Revenue suggesting that Transformer

Oil should be assessed to duty at the rate applicable to component parts of machinery. Government unfortunately did not then accept the suggestion. I am directed by my Committee to address the Board once again in the matter.

At present Transformer Oil is assessed to duty under item 72 (3) of the Tariff, viz., "all sorts of mineral oil not otherwise specified" at 25% *ad valorem*. An exception is, however, made in the case of such oil when imported with the apparatus. In the latter instance under proviso to item 72 (3) of the tariff, the same is assessed to duty at 10% *ad valorem*, as component part of machinery.

My Committee feel that the separate treatment accorded to this commodity in the two cases is unfair. If transformer oil, when imported along with the machinery, is deemed as component part for the purpose of working that machinery, it does not cease to be a component part when imported for the same purpose separately. The distinction seems to my Committee to be arbitrary and artificial. The real criterion should be whether the commodity so imported is really used as a component part and if the commodity satisfies that test, there is no reason to deny the benefit of the lower duty merely on the ground that the same is not imported along with the machinery.

My Committee understand that the said oil is not capable of being used for any other purpose and, therefore, its inclusion is the general classification applicable to mineral oils is not fair. My Committee request that Government should look into this matter once again and revise the classification so as to allow Transformer Oil, in all cases, being assessed to duty under item 72 (3) of the tariff at 10% *ad valorem*.

*Letter No. D.Dis.*1540-*Cus.* 1/37 *dated* 3*rd December* 1937 *from the Government of India, Finance Department, to Chamber.*

With reference to your letter No. 3240 dated the 26th November 1937, I am directed to observe that the distinction,

which your Committee considers arbitary and artificial, between the treatment of "transformer oil" when imported with the apparatus with which it is to be used and when imported separately is a distinction which must arise in the case of everything that is passed at the "machinery" rate under the proviso to item No. 7:(3) of the Tariff. A strictly logical position could only be created either (1) by passing as machinery everything intended for use with machinery, whenever imported, or (2) by repealing the proviso in question. The objections to the first proposition are clearly explained in paragraph 6 of the report of the Machinery Committee, 1922; while the second proposition would involve the withdrawal of a concession which was granted in the interests of general convenience, as explained in para 12 of that report. (For ready reference, a reprint of the report will be found in the appendix to the Indian Customs Tariff Guide, 2nd edition).

The Government of India regret that they are unable to alter the decision communicated in this office letter D. Dis. No. 1477-Cus.I/35 dated the 6th March 1936.

APPENDIX 50

Changes in the Tariff of Southern Rhodesia

Letter No. 1798 dated 29th June 1937 from Chamber to Government of India, Commerce Department.

The attention of my Committee has been drawn to the recent increases in customs duty particularly on piecegoods imported into Southern Rhodesia. Before the increase piecegoods, other than silk or artificial silk, imported into that country from India were assessable under Class C, viz. in respect of goods from British Colonies, Protectorates or Possessions which do not reciprocate subject to proof of origin, at 10% *ad volerem*. Under the 1937 issue of their Customs and Excise Tariff such piecegoods,

however, are assessable under Class B, viz. applicable to British Dominions, India etc., at 20% *ad valorem.* Under the old tariff Indian goods were subject to the same rate of duty as goods from British Colonies, Protectorates or Possessions, but under the new Tariff it appears that Indian goods are placed at a higher classification, such Colonies and Protectorates getting a lower rate. Apart from the increase in the rate, my Committee are unable to appreciate the occasion for such distinction in the classification as between British Colonies and Protectorates and Indian introduced in the new Tariff. Even under the old Tariff the difference in the rate of duty on British and Indian goods was 50%. Under the new Tariff, however, this difference has been increased to 15% which heavily loads the scales against Indian goods.

My Committee would like the Government of India to look into the matter and if the facts are as surmised by them, to let them know as to what action Government propose to take with a view to secure to India the benefit of the lower classification afforded to the United Kingdom, British Colonies, Protectorates, etc. The importance of export markets for Indian goods generally, and the Indian textiles particularly, need not be explained to Government. It is necessary that any step to restrict such imports, either directly, or indirectly, should be carefully watched and timely efforts should be made to prevent such steps. My Committee, therefore, urge that the Government of India should take early steps to prevail upon the Government of Southern Rhodesia to afford to India the benefit of the lower classification.

Letter No. 26-T(1)/33 dated 7th October 1937 from Government of India to Chamber.

With reference to your letter No. 1798, dated the 29th June 1937, on the subject noted above, I am directed to say that the particulars given therein about the tariff changes applicable to Indian cotton piecegoods in Southern Rhodesia are correct except that prior to the enactment

of the Custom and Excise Tariff Act of 1937 in Southern Rhodesia the same rate of duty, namely, 10% *ad valorem* was leviable on Indian goods as on goods of United Kingdom or other reciprocating Empire countries. I am to state in this connection that Southern Rhodesia is not a non-self-governing British Colony entitled to preference under the Ottawa Trade Agreement between India and the United Kingdom and the preferential rates of duty in the Indian Customs Tariff which are applicable to goods emanating from such Colonies do not therefore apply to imports from Southern Rhodesia. On the other hand Empire preference has been a feature of the Southern Rhodesian Tariff for some years and Indian produce on import into that country has been given the benefit of the preferential tariff without any reciprocity on India's part. The balance of trade between the two countries is also heavily in favour of India as will be seen from the following figures taken from the trade returns of Southern Rhodesia :—

	1932	1933	1934	1935	1936
	£	£	£	£	£
Imports from India into Southern Rhodesia.	106,752	113,773	141,111	159,197	178,248
Exports from Southern Rhodesia to India.	12	11	11,639	12,280	9,595

2. The request of your Chamber for securing concessional tariff treatment of Indian Cotton piecegoods in Southern Rhodesia has been noted by the Central Government in India for necessary action when a suitable opportunity arises. In the meantime they propose to watch the effect of the new tariff changes on the export of Indian Cotton piecegoods to Southern Rhodesia.

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APPENDIX 51

Abolition of Tariff Values for Brass and Copper

Telegram dated 16th June 1937 from Chamber to Government of India, Commerce Department.

Reference Resolution 73-T(2) 29th May metal trade considers abolition tariff values for brass and copper and collection of duty on market value will introduce complications bringing about dislocation in trade and upsetting arrangements already entered into on basis definite expectation of a fixed rate. Besides existence of a preferential rate of duty renders difficult for trade calculations knowledge of exact margin of preference in amount as distinguished from percentage. Further variations in amount of duty payable introduce an uncertain element particularly in forward trading. Committee Indian Merchants Chamber support representation of the metal trade for restoration of fixed tariff values with necessary enhancement.—Inchambu.

Letter No. 73-T(2)/37 dated 17th July 1937 from Government of India to Chamber.

I am directed to refer to your telegram dated the 16th June 1937, on the subject noted above, and to say that the Central Government in India have given the matter their careful consideration and **regret that they are unable to accede to the request of the metal trade for the re-introduction during the current year of tariff valuations for certain commodities** which were abolished by the Notification issued from the Commerce Department No. 73-T(2)/37, dated the 29th May 1937.

2. I am to add that the question of the re-introduction of tariff values of metals is, however, under consideration in connection with the next annual revision of tariff values and that the Director General of Commercial Intelligence and Statistics will discuss the matter with the

Chambers of Commerce at Bombay and Calcutta in November next. In the meantime no useful purpose will be served by the representatives of any association or of the trade coming up to Simla for the special purpose of explaining the matter to the Central Government.

APPENDIX 52

Views of the Calcutta Port Trust on policy of Protection

Letter No. 413 *dated* 11*th February* 1937 *from Chamber to the Government of India, Commerce Department.*

The attention of the Committee of this Chamber has been drawn to a discussion in the Calcutta Port Trust, which arose out of their application for relief in the form of a five-years remission of the annual payments of Rs. 14.14 lakhs in respect of the Kidderpore Dock loan. It appears that in this connection, a representation was submitted by the Port Commissioners to Government, in the course of which it is stated :—

> "Although a fall in traffic was inevitable on account of world depression, the Commissioners submit there is little doubt that high Customs duties in India have had an adverse effect, while there is of course no doubt that the protective duties on certain commodities have achieved their object . . . . The Commissioners are not presuming to criticise the policy of attempting to obtain additional revenue by raising Customs duties or the policy of protecting certain commodities, but they submit that if the imposition of duties affects, as it has undoubtedly affected, the financial position of Ports there are good grounds for granting financial assistance from general revenue. Ports are certainly national assets which must be maintained in the interests of the country as a whole."

My Committee recognise that Government in their reply have not touched upon any of the points raised, but have expressed their willingness to postpone the Kidderpore Dock payments due in 1936/37, provided the Commissioners balanced their budget for 1937/38 by imposing a cut in pay or other means within their power. My Committee are, however, addressing Government on this question, as they apprehend that the plea which the Calcutta Port Trust has raised in its representation may be repeated by other Port Trusts and the question of protection to Indian industries may suffer as a consequence. During the course of the discussion on the Railway Budget last year, the leader of the European group referred to the same question, and my Committee feel naturally nervous lest such official pronouncements from a leading Port Trust following the expression of opinion by the leader of the European group may be set up against any further protection of Indian industries or in justification of any reduction of the protection which they are enjoying at present. My Committee, therefore, request the Government of India to be pleased to issue a press-note on this question to set at rest public apprehension on this score. Such a step will be greatly appreciated by the public and the commercial community.

Letter No. 253-P.&L. (4)/36 dated 25th February 1937 from Government of India to Chamber.

I am directed to acknowledge receipt of your letter No. 413, dated the 11th February 1937, on the above subject, and to say that the suggestion made therein has been noted.

APPENDIX 53

Report of the Income-tax Enquiry Committee

Letter No. C.52–I.T./37 dated 28th January 1937 from Central Board of Revenue to Chamber.

I am directed to refer to my letter C.No.904-B.I.T/34, dated the 25th January 1937, forwarding copies of

the Income-tax Enquiry Report, 1936, and to request that the Board may be furnished with your considered views on the various recommendations made therein. It will be convenient if Part I (Scope, Incidence and Charge of the Tax) and Part II (Administration) are dealt with separately. The Board hopes that it will be possible for it to receive the views of all concerned by the end of April.

Letter dated 25th June 1937 from Chamber to Central Board of Revenue.

I am directed to refer to your letter No. C.52-I.T./37 dated 28th January 1937 and to send to you hereby the views of my Committee on the recommendations made in the Income-tax Enquiry Report.

My Committee wish at the outset, to express their satisfaction at the commendable thoroughness with which the Income-tax Experts have gone into this question. At the same time, they cannot help pointing out that the absence of a non-official Indian on the Enquiry Committee has resulted in some of the questions, on which the Indian public have pronounced views, being dealt with in an unsatisfactory manner. For instance, questions like the powers vested in the Governor General in Council to make exemptions, the exemption of Sterling Securities and certain Pensions etc. from tax, on which the Indian commercial community and the Indian public have definite views, have been shelved by the Experts on constitutional grounds. In such matters, the Experts should have treated the problem unfettered by constitutional considerations and wherever the provisions of the Government of India Act stood in the way of the issues being dealt with on considerations of equity and principles of taxation, they should not have hesitated to make positive recommendations for the removal of such constitutional limitations. Judged from this standpoint the omission to associate a non-official Indian with the Enquiry has proved to be very regrettable.

My Committee would like to place, in the forefront of this representation, such constitutional issues raised in the

Report. Interest on Sterling Securities of the Government of India, although payable in London, arises in India and is a charge on Indian Revenues. Such interest, to the extent to which the Securities are held by residents in India, is liable to tax. A larger portion of such interest, however, being payable to holders in foreign countries, is exempted from tax, and the Experts have acquiesced in the continuance of the exemption. In justification, they point out that Sections 178 (3) and 315 (4) of the Government of India Act, 1935, definitely precluded the possibility of such interest income being taxed. If it is agreed that on financial grounds and on grounds of principles of taxation, such an exemption is inequitable, there is no reason why efforts should not be made to get the Government of India Act amended, so as to do away with the limitations. It is regrettable that the Enquiry Committee have not made any recommendation for the amendment of the Government of India Act on the above lines. My Committee wish to reiterate that such interest should be made liable to tax and to this end efforts should be made to get the Government of India Act amended accordingly. A similar difficulty is pointed out by the Experts in regard to assessment of certain Pensions earned in India but payable abroad, exempted by Section 272 of the Government of India Act. All pensions should be treated on a uniform basis and the pensions of Civil Servants, Officers of Indian Army and other officials appointed direct by His Majesty the King or the Secretary of State should not escape liability upon the accident of the place at which the Pensions may be payable or upon the protection given under the Section of the Act in question. An urgent need for amendment of the Government of India Act in this direction is, therefore, also indicated. The powers vested in the Governor General in Council under Section 60 of the Income-tax Act to grant exemptions are disposed of by the Experts with the remark that they can offer no comment on a constitutional question such as this. Considerable dissatisfaction had been expressed in the past regarding the manner and method of such exemptions. My Committee wish to reiterate that

these powers should be removed, as they are not in harmony with the practice followed in other countries and as they take away from the Legislature of the country the right to examine and decide the nature and extent of the exemptions necessary. Whatever exemptions have to be granted should be granted by provisions in the statute or by the express sanction of the Legislature of the country.

My Committee would now proceed to examine the recommendations of the Experts seriatim.

PART I

CHAPTER I

Section 1. Residents in British India—Income arising abroad.

My Committee are in agreement with the recommendation for the foreign income of residents in British India being dealt with on the basis of the whole income arising. In their written memorandum in 1935 submitted to the Experts, my Committee had ovserved as follows :—

> "Every assessee should be compelled to declare his losses or gains abroad during the year of accounts, the losses to be allowed in arriving at his assessable income. This would eliminate the present practice of gains abroad not being taxed except when they are brought to the country. The present practice, in the opinion of my Committee, leads to considerable evasion and to the escape of large funds from income-tax and also to funds being sent and kept abroad to the detriment of the Indian Money Market".

Section 2. Non-residents—Income arising in British India.

My Committee are in general agreement with all the recommendations of the Experts in regard to assessment of

income of such non-residents. The income of an agent on behalf of a non-resident is made liable. My Committee had drawn attention in their memorandum submitted in 1935 to possible evasion by such agents calling themselves Indentors showing only a very small credit for their local offices against which all their expenses which are really borne by the Principals are debited. When drafting the provisions of the Law this point may well be borne in mind and such agents by whatever name they choose to call themselves should be made to bear and collect the tax from their principals.

Section 3. Religious and Charitable exemptions.

My Committee are opposed to any change in the scope or practice of such exemptions. As the Experts themselves agree the exemption has the sanction of a long tradition and no limitation on the same need be placed. It is also not necessary to place any restriction on the business activities of such Trusts as such activities are pursued mainly with a view to ensure the income necessary for the furtherance of the institutions or of the objects for which the Trust is formed.

Section 4. Agricultural income.

The Experts have recommended that the Agricultural income of an assessee should be taken into account in fixing the amount of tax payable on his other income and have favoured the existing exemption of agricultural income as such from taxation. This feature of exempting income from land for tax purposes has aroused controversies in the past and on many occasions views have been expressed that the Law should be amended so as to bring such income within the purview of the taxation system. The Indian Taxation Enquiry Committee in this connection remarked that on grounds of equity there was no reason why the surplus of the larger landholders should be exempted from income-tax. In a country like India where the

source of income of the bulk of population is mainly agriculture it is strange that such income should not have been brought within the system of taxation. It is also a well-known fact, particularly in certain parts of the country, that certain classes of the community are enjoying fabulous income from agricultural sources and beyond the payment of land revenue, fixed years ago, they are not contributing to the National Exchequer anything in the form of direct taxation, especially in the case of the permanently settled Zamindari lands the amount paid by such landholders in the form of land revenue is disproportionately small. At the same time, my Committee are aware that there are in the country many agriculturists whose income is not sufficient, after defraying the expenditure, to meet even the present land revenue requirements. While, therefore, reiterating the necessity for some re-adjustment with a view to bringing larger agricultural incomes within the ambit of taxation, they would like to exclude from their recommendation the actual cultivators of the soil from such taxation. Suitable provisions for securing exemptions for such small incomes are not difficult to devise. It may be suggested that the exemption limit for agricultural incomes may be conveniently raised to a higher figure, say, Rs. 4,000 per annum, and if necessary even in the case of bigger incomes the amount paid as land tax may be permitted to be deducted from assessable income as a business expenditure. Such a recommendation would also mean a modification of the present practice in regard to assessment of profits of tea and other plantation concerns.

Section 5. Local authorities.

My Committee are in favour of the continuance of exemption from tax of income of local authorities. They are, however, not opposed to the proposal for separate treatment of such income from the trading activities of such bodies, with a view to such separate income being assessed to tax.

Sections 6 and 7.—The views of my Committee on exemption granted by the Governor General in Council under Section 60 (1) of the Income-tax Act, the need for taxing Pensions exempted under Section 272 of the Government of India Act, and complete liability to tax of all interest paid on Sterling Securities, have already been expressed in the preliminary remarks. My Committee are in general agreement with the views of the Experts in regard to assessment of the rest of Pensions and the leave allowances or salaries paid outside British India.

Section 8. Casual profits or gains.

My Committee are in agreement with the views of the Experts in regard to the treatment of such incomes.

CHAPTER II

Section 1. Basis of charge—Slab system.

My Committee are aware that the system of gradation in Indian Income-tax has come in for a good deal of criticism on the ground of the very big jumps which the rates take between certain amounts of income. The object of gradation is to secure that a higher income pays a large proportion of the surplus as tax than the smaller one. In order to achieve a greater approximation to equality in taxation, my Committee had suggested before the Experts the introduction of large fixed abatements and allowances to assessees. The Experts suggest a more equitable basis of charge by the introduction of the "slab system." They have also accepted the principle of a tax-free allowance. My Committee have no hesitation in agreeing that the "slab" system proposed by the Experts is an improvement on the existing position and therefore support the same. They are, however, not sure whether the scale of rates proposed in Appendix 2 is fair and equitable; particularly on incomes over Rs. 35,000 the incidence of the specimen scale is much heavier. Subject,

therefore, to such modifications in scale of rates as may be found necessary on further examination, my Committee are in general agreement with the proposal of introducing the 'slab' system. They are also inclined to suggest that the tax-free quantum should be increased to Rs. 2,000.

Section 2. Life Assurance Premiums and Provident Fund contributions.

My Committee are in agreement with the changes suggested by the Experts in regard to the basis of allowance in assessment for Life Assurance premium. They also agree that such allowance should not be given in respect of future policies effected outside British India.

My Committee agree that the private Provident Funds and official Provident Funds should be treated on a uniform basis for purposes of income-tax relief.

Superannuation Fund contributions.

My Committee agree with the Experts that such contributions should be treated on the same basis as contributions to recognised Provident Funds in the matter of Income-tax relief.

Section 3. Company Super-tax.

The Experts point out that this tax is in terms of Section 138 of the Government of India Act intended to be a Corporation tax, i.e., a tax levied on Corporations as such, and not an income-tax although calculated by reference to income and although treated as income-tax for purposes of double taxation relief claims by a company. On this basis they consider precluded the possiblity of the claim that super-tax equally with income-tax paid by a company should be treated as paid on behalf of shareholders and be taken into account in the computation of any refunds under Section 48 of the Income-tax Act. It

is true that the Government of India Act has provided for a Corporation tax, but so far no legislative decision has been taken in regard to the levy of such a tax. It was, therefore, not necessary to mix up the two taxes and to apply the nomenclature of Corporation tax to super-tax when applied to Joint Stock Companies, and on that basis to fotestall any claims for refund in respect of that tax. My Committee, however, wish to recommend the complete abolition of super-tax on companies and do not wish to go further into the distinctions in terminologies raised by the Experts. My Committee are advised that in England there is neither a Corporation tax nor a super-tax on companies, and on the analogy of the English system, they wish to recommend the complete abolition of such a tax on companies in India either in the form of a Corporation tax or super-tax as such; but so long as the levy of super-tax, by whatever name it may be called, is continued, claims for refund on behalf of shareholders should be recognised.

CHAPTER III—ASSESSMENT

Section 1. Individuals.

(*a*) **Wife's income.**—My Committee are strongly opposed to the proposal of the Experts for aggregating the incomes of the husband and wife for tax purposes. This recommendation has not given sufficient weight to the economic and social conditions obtaining in India. The theoretical justification of this by the Experts for such aggregation is unconvincing. The absence on the Enquiry Committee of a non-official Indian, knowing the social customs and practices obtaining in the country, is keenly evidenced in this part of the Report. There is, for instance, the system of "Stri Dhan" among Hindus. The same is in the nature of a gift by the parents of the bride at the time of marriage, which is considered to be in the nature of a sacred trust which the husband and wife are expected to hold in trust. By tradition and custom the

income arising from such Stri Dhan is not pooled into the family resources for purposes of the ordinary expenditure. When such income is not so available for expenditure, it stands to reason that the same should not be taken into account for computing the income of the family for purposes of taxation also. The proposal for treating the income of the wife as the income of the husband for tax purposes is repugnant to Indian sentiment and my Committee are very emphatic in their opinion that this part of the Experts' recommendation should not be accepted by Government. Where, however, such separate incomes are derived as profits of a business in which the husband and the wife are partners, an exception may be made and the separate income may be aggregated for tax purposes.

In the event of the Experts' recommendation for such aggregation being ultimately accepted by the Government, the free allowance of Rs. 1,500 now proposed is inadequate. It should be increased to Rs. 3,000, i.e., Rs. 1,500 for each.

Income of minor children.—My Committee are agreeable to the recommendation in the Report that income of the minor should be deemed to be income of the father if it arose from the benefits of partnership in a business in which the father was a partner. As regards a minor, other than the married daughter, income derived from assets transferred direct or indirect to the minor by his or her father or mother being aggregated as the income of the father, my Committee wish to make an exception in the case of such income from irrevocable trusts. From the very nature of such trusts the minor is the beneficial owner of the property and income concerned and the same should not be aggregated for tax purposes but should be treated separately as the income of the minor.

Section 2. Partnerships.

Most of the difficulties referred to by the Experts in regard to the assessment of partnerships to income-tax

are caused by the need for treating registered partnerships and unregistered partnerships differently. In order to obviate such difficulties, my Committee suggest that the law should throw an obligation for all partnerships being compulsorily registered. The Indian Partnership Act of 1932 requires that every partnership must be registered and if this requirement is followed for income-tax purposes also the same cannot be said to involve any new or additional inconvenience to such partnerships. Particulars required for the registration under the Partnership Act are with one additional provision for information in regard to the share of the individual partners sufficient for the purpose of registration under the Indian Income-tax Act. My Committee, therefore, suggest that in amending the law the principle of compulsory registration of partnership should be recognised. When once that position is accepted, the assessment of income-tax on partnership on a uniform basis would be facilitated. My Committee are in agreement with the recommendation of the Experts that the form of return for a partnership should provide for declaration of the constitution of the partnership and of the basis on which profits of the previous year have been divided and that such declaration if supported by proper accounts should normally suffice for automatic re-registration as long as there is no change from the particulars recorded at the date of the last registration.

Section 3. Hindu Undivided Families.

The Experts recognise the hardships involved in the present system whereby the Hindu Undivided Family is treated almost as if it were an individual, irrespective of its number of members. But the remedy proposed, viz., that whenever a joint Hindu Family contains more than one adult married male member, the family's income be divided by two for the purpose of calculating the rate of tax, the individual incomes of all the members from whichever source derived being included in the joint family income, is not a concession at all. It is much more logical

to treat the family as merely an association of individuals and treat its income as if it belonged equally to a number of individuals corresponding to the number of adult males. My Committee cannot understand the basis of the division by two proposed by the Experts nor can they appreciate the equity of the suggestion for aggregating individual income of all members from whatever source derived. The objection that "not every married male member of a Hindu Undivided Family is actively engaged in assisting to earn the family income" is really irrelevant as not every owner of income can be said to be actively engaged in earning it. Having admitted that the incidence of the income-tax on members of Hindu Undivided Families is much heavier than on other individuals, the Experts should have made recommendations, unfettered by considerations of the effect of such recommendations on revenues, which would really remove the hardship and base the taxation of income on more equitable basis. If, however, nothing better than what has been suggested by the Experts can be done, my Committee would prefer the present basis of taxation to continue. At any rate, the reform suggested is no concession at all; on the contrary, in some cases, it would place such families in a more disadvantageous position.

Section 4. Trustees.

With regard to income from Trusts, my Committee are of opinion that the same should be charged in the hands of beneficiaries in all cases except (*a*) where the Trust Deed stipulated accumulation of income and the division of the corpus on the happening of a particular event, (*b*) where the shares of the beneficiaries are indeterminate, and (*c*) where one or more beneficiaries are non-residents; the rate to be applied in the case of (*a*) and (*b*) should be the appropriate rate applicable to the total income and not the standard rate as recommended by the Experts. When so assessed in the hands of the Trustees the beneficiaries should be entitled to get refunds to the extent of the difference in rates under section 48A.

CHAPTER IV—CLASSIFICATION OF INCOME

In connection with the question of classification of income for the purpose of income-tax assessment, my Committee would like to point out the difficulty experienced by them in conforming to the requirements of the Parliamentary Order relating to qualifications of electors in Commerce constituencies for the Reformed Legislature. One of the qualifications prescribed is the payment of income-tax on a specific income derived from commerce or industry. Practical difficulties were felt at the time of the preparation of the Roll for the Bombay Provincial Legislative Assembly in ascertaining the income derived separately from commerce and industry of members entitled to be on the Roll. Under the present practice neither the demand served upon an assessee nor the receipt granted on him disclose the head or categories of income. In order to obviate this difficulty, it is necessary that classification of income should be such as would make such ascertainment readily possible. To this end my Committee wish to recommend the following changes in the classification proposed by Experts:—

(*i*) **Salaries.**—This should be divided into two parts: (*a*) salaries from commercial or industrial occupations, and (*b*) other salaries.

(*ii*) **Profits or gains of business, profession or vocation.**—This should be divided into two parts: (*a*) profits or gains from commerce or industry, and (*b*) profits or gains from profession or vocation.

My Committee are not suggesting any changes in the five classifications proposed by the Experts. They only wish to amplify the two heads in question with a view to income in both cases from commerce or industry, being separately recorded.

CHAPTER V—COMPUTATION OF INCOME

Section 2. Property.

Over and above the deductions in respect of property allowed under Section 9 of the Indian Income-tax Act, an additional item, viz., incidental expenses necessary for earning the income should be permitted as a deduction. For example, for a property which is used as a stable the license fees should be allowed as a deduction. Brokerage and legal expenses for the creation of mortgages should also be allowed.

Depreciation at a reasonable rate should also be allowed on all properties assessed under Section 9 of the Income-tax Act.

My Committee also wish to reiterate the following suggestions made by them before the Income-tax Experts :—

(*i*) Property wholly owned and occupied by non-trading Associations such as Clubs, Stock Exchange, Trade Associations, etc. should be exempt from tax.

(*ii*) When a property is owned by more than one person the income should be assessed separately in the hands of each co-owner and not collectively as an association of individuals owning the property.

Subject to the above suggestions, the recommendations of the Experts in regard to assesment of income from property are acceptable to my Committee.

CHAPTER VI—COMPUTATION OF INCOME

Section 4. Deductions.

Bad Debts.—Debts written off should be completely allowed as also provision for bad and doubtful debts.

Managing Agents' Commission.—Arrangement in regard to sharing of Managing Agency Commision should, as

recommended by the Experts, be recognised and such share paid to others should be allowed in assessing the income of the Managing Agents. The tax may be collected separately from such recipients.

Section 5. Depreciation and Obsolescence.

My Committee are not in favour of the written-down value method for purposes of depreciation allowance recommended by the Experts. They feel that if the written-down value system is adopted, the depreciation allowance would not be in relation to the actual depreciation and that in a period when wear and tear was greater the allowance for depreciation would be less. They, therefore, recommend the continuance of the existing method based on the original cost. My Committee are also opposed to the change proposed in the recommendation in the Report that depreciation should be allowed each year as an expense in determining the profit and loss of such year, the provision of carry forward of depreciation as such being abolished. They suggest that the present practice should be continued and it should be possible for the allowance being carried forward in cases where such carrying forward was necessary.

Double Shifts.—The Indian commercial community have recommended the grant of increased depreciation allowance for machinery working double shift. The Experts have not conceded in general the principle of increased depreciation for such double shift work, but recommend such grant only to cases where such double shift working is a regular incident of a trade or a section of a trade. My Committee are of opinion that the principle of increased depreciation should be accepted without any reservation and increased allowance for machinery working double shift should be given irrespective of the fact whether such double shift was a regular incident of such a trade or section of a trade.

CHAPTER VII—COMPUTATION ON INCOME

Section 1. Life Assurance Companies.

The Experts have recommended the continuance of computation of profits on the existing basis with certain minor modifications. On the question of assessment of life assurance companies very strong views were placed before the Experts and it is a matter of great regret that they have not found their way to accept any of the suggestions made in this regard. In the business of life assurance the so-called profits disclosed as a result of the Actuarial Valuation is not profit in the sense of the term, as applied to ordinary trading concerns. Such profits include surplus premium collected from policyholders necessitated by actuarial considerations; such surpluses are subsequently returned to the policyholders as bonus. It is very unfair that a portion of the premium reserved by the company to be returned to the policyholders as bonus should be made subject to taxation as the same can in no sense be termed as profits accruing to the company. The factors which go up in determining the actuarial surpluses of a company have been explained before the Experts Committee and Government in full detail. It is very discouraging that the Experts have in spite of the strong case presented by insurance interests thought it fit to recommend the continuance of the existing method of assessment, assessing an imaginary profit which has no relation to the actual business profit of the company concerned. In many of their recommendations the Experts were guided by the English Law and practice. It is not comprehensible why in this particular instance the principle and provision adopted by the English Law should not have weighed with them. My Committee reiterate that the proper basis of assessment for Life Assurance Company would be:

(1) the total interest earned less expenses; or

(2) the Actuarial surplus after deducting that portion of the surplus as belongs to or is reserved for on behalf of the policyholders or annuitants.

Section 3. Trade Associations, etc.

Non-trading associations such as Chambers of Commerce should be completely exempt from tax; trading associations be treated on the lines suggested by the Experts.

Mutual Benefit Societies.—In the case of Insurance companies working on a mutual benefit basis whenever the Actuarial surplus is less than the interest on Government Securities taken credit for in the revenue account, the surplus should be taxed only to the extent such interest has gone into the surplus and not the whole of it.

CHAPTER VIII

Section 2. Interest payable.

It would appear from the words used in the recommendations in this regard that interest will be allowable only if it is actually paid. Throughout the Experts have recommended the accrual basis and there is no justification for insisting on actual payment in this particular instance alone. It is, therefore, suggested that interest due should be allowable whether or not the same has been actually paid. Again, it is proposed to distinguish money borrowed against property for personal purposes and for purposes necessary for earning the income from the property such as renewal, reconstruction, etc., interest being allowed only in the latter case. My Committee are of opinion that there is no justification for such a distinction and suggest that interest should be continued to be allowed irrespective of the use to which the amount of loan was put. My Committee are not also in favour of the suggestion of the Experts that in cases where interests were payable by contracts outside British India such interests should not be allowed as a deduction in computing profits. Interest paid on all borrowed moneys should be allowed against the income resulting from the investment or utilisation of such moneys because such income is always taxed and there is no reason for insisting on the proof for a specific intention to invest borrowed moneys.

Section 3. Carry forward of business losses.

The Government of India are committed to the principle of this allowance. The Experts have made no comments on the need for the early fulfilment of this promise on the ground that the time when the promise should be carried into effect of course is a matter for the decision of the Government, but have confined their recommendation to the extent of the allowance and other technical matters. My Committee wish to emphasise that the carry forward of business losses should not now await an improvement in the financial position of Government but should be introduced immediately, as in its absence businessmen are being taxed on their capital. They consider this observation necessary so that, while implementing the other recommendations of the Experts, Government may not put off taking action in this direction on the ground of financial exigencies. As far back as 1930, Sir George Schuster, the then Finance Member, agreed to the validity of this claim, but pleaded for time on financial grounds for the introduction of the relief. It is now necessary to make a definite decision in the matter and the allowance should not be put off indefinitely. The Experts have suggested that the carry forward should be fixed at six years and that it should apply not only to business but also to profession and occupations. My Committee are in agreement with this suggestion. Companies, unregistered firms and Hindu Undivided Families are proposed to be treated in the same way as an individual in regard to this relief; but in regard to registered firms, individual partners are to be allowed to carry forward their shares of the firm's losses against their shares of the firm's profits in subsequent years. Thus, the wording of the recommendation precludes the possibility of such losses being allowed against subsequent profits of any other business of the same assessee. My Committee do not approve of such a restriction and suggest that such losses should be carried forward for allowance against such assessee's aggregate subsequent income.

CHAPTER IX—PAYMENT OF TAX

Section 1. Date of payment.

The Experts have recommended a period of 18 days between the issue of the assessment order and payment of tax. My Committee are of opinion that the time allowed is short and, therefore, recommend that the same be increased to 30 days.

Section 2. Penalty for delay in payment.

My Committee recommend that such penalties should not be more than five per cent of the amout of tax involved for every fortnight of wilful default, and in any case, not more than 25 per cent in aggregate of the amount of tax involved, and the order of penalty should be appealable.

Section 3. Assessment under Appeal.

When the amount of tax in regard to any assessment is in dispute and is under appeal, payment should be allowed to be deferred, pending the disposal of the appeal. The discretion vested in the Income-tax Officer under Section 45 of the Income-tax Act in the matter should be liberally used to the advantage of the assessee.

CHAPTER X—DEDUCTION OF TAX AT SOURCE

Section 1. Interest paid.

Under Section 20 of the Act, payers of interest of not less than Rs. 100 are required to furnish the Income-tax authorities a return showing the names and addresses of the recipients of such interest. The Experts have recommended reduction of the prescribed minimum payment of interest from Rs. 1,000 to Rs. 100. My Committee are opposed to the reduction, as they fear that the same will cause great inconvenience and trouble to such payers of interest. They, therefore, recommend the continuation of the present minimum of Rs. 1,000.

Interest paid to non-residents.—The Experts have recommended that interest paid to a non-resident by a resident should be subject to deduction of the tax at the standard rate and that when the contract for payment of interest by a resident to a non-resident is made outside British India such interest should not be allowed as deduction in computing profits of the resident. My Committee are opposed to the second part of this recommendation. In their opinion a resident should be entitled to deduction of tax at source in such cases also at the standard rate, as there is no reason why payers of interest should be unnecessarily penalised as suggested by the Experts by the amount of interest being not allowed as a deduction in computing their profits.

Section 2. Dividends.

My Committee are not in agreement with the recommendation of the Experts in paragraph three of this section. They are of opinion that the principle underlying in the Hungerford Investment Trust case should be strictly adhered to.

CHAPTER XI—DOUBLE TAXATION

The main beneficiaries from the present position are British companies and firms, whose business is located both in India and England and who are obtaining from the Indian Exchequer at an average of over rupees one crore a year as refund under Section 49 of the Income-tax Act, and the amounts thus refunded would show a progressive tendency of increase with every rise in the rates of our income-tax and super-tax. My Committee have examined the existing arrangement for double taxation relief, and have come to the conclusion that, on the balance, it would be to the advantage of the Indian Exchequer to abolish completely this arrangement. They do not think that this would lead to any really significant hardship as far as India is concerned. They recognise that it would mean that the corresponding relief given

under Section 27 of the English Finance Act would also be withdrawn; but in the larger interests of the country, it is necessary that an arrangement which is causing the Indian Revenues a not inconsiderable annual drain, should be looked at first from the national point of view. Moreover, double taxation of an individual's income by two or more distinct authorities has got its theoretical justification. If an individual resides in a country, he is under certain economic obligations to the State, which protects his property and income and makes it possible for him to earn the income. The same can be said of the other countries from which he draws his income. The individual, therefore, owes economic allegiance both to State where he lives as well as to the State whence he gets his income, and such allegiance presupposes certain economic obligations also. My Committee are, therefore, very strongly of the opinion that the existing arrangement with U.K. in regard to double taxation relief should go.

In regard to such double taxation arrangements as between India and Burma and British India and Indian States the same stands on an entirely different footing. Cultural, social and commercial relations and the geographical proximity of the countries have rendered Indian States and Burma being treated as part of India in such matters notwithstanding the political separation. Moreover, so far as Indian States are concerned, the political Federation, when and if it comes into effect will necessitate this question being reconsidered in the light of the then circumstances. With Burma in commercial matters, there are already arrangements as if, for such purposes, no separation had taken place. My Committee therefore wish to recommend that in so far as Burma and the Indian States are concerned, the arrangements in regard to double taxation relief should continue.

CHAPTER XII—LEGAL AVOIDANCE

My Committee have every sympathy with the necessity for preventing all loopholes in the law enabling

avoidance of tax. The burden of tax avoided either within the law or fraudulently falls on the rest of the community. In this Chapter, the Experts have examined the effect of their various recommendations made in the earlier chapters in minimising or preventing the chances of avoidance of tax. My Committee only wish to add that in the anxiety to prevent such avoidance, care should be taken to see that *bona fide* arrangements considered necessary by the assessees should not be suspected and challenged.

PART II—ADMINISTRATION

CHAPTER XIV—ASSESSMENTS

Section 1. Inspection and Survey Work.

My Committee are strongly opposed to the recommendation of the Experts designed to give the Income-tax Officers and Inspectors power to enter the premises of assessees within reasonable hours, to search for and seize books of accounts for examination, etc. They feel that this is a very retrograde suggestion and has no parallel in the English Income-tax Law, on the model of which the recommendations of the Experts are considered to be mainly based. The exercise of such powers would create conditions of panic and would tend to embitter the relations between the Income-tax Department and assessees. The checks in regard to use of these powers, suggested by the Experts, are not, in the opinion of my Committee, sufficient to prevent the abuse of the powers. There are already sufficient provisions in the law to prevent fraudulent evasion of obligations by assessees and an extreme proposal like this cannot be defended. My Committee, therefore, strongly advise Government not to incorporate such a provision while amending the law.

Section 2. Liability to make returns of income.

The recommendation of the Experts to the effect that every person who has an income liable to tax should be required by law to make a return, subject to a penalty for failure to do so, has not given adequate consideration to the conditions prevailing in the country. With a low percentage of literacy, the average assessee cannot be expected to know the provisions of the law and to decide for himself whether or not he is an assessee. Moreover, this will unnecessarily complicate and increase the administrative work of the Income-tax Department. The present practice of the authorities calling upon persons to submit returns of income should, therefore, be continued and the obligation to do so voluntarily should not be introduced.

Section 3. Place of assessment.

The assessee should have the right of raising the question of jurisdiction before proceedings for assessment or re-assessment are completed. No limitation in regard to this right, as suggested by the Experts, should be placed.

Section 4. Convenience of the taxpaying public.

My Committee appreciate the recommendations of the Experts regarding the need for minimising the inconvenience caused to the assessees by the inability of the Department to take up interviews at the appointed time. They would, however, like to add that instructions should be passed that where an Income-tax Officer finds that within half an hour of the appointed time it may not be possible for him to take up the case of the assessee concerned he should of his own inform the assessee not to wait and give another time. This would minimise the inconvenience and needless waste of time which sometimes occur when an assessee is obliged to wait for interview indefinitely.

Section 5. Determination of income.

Examination of Audited Accounts.—My Committee are of opinion that where audited accounts are put in adjusted for income-tax purposes, and the necessary details of the notes 5 (*a*) and (*b*) of the prescribed form have been furnished, the Income-tax Officer should *prima facie* accept such accounts. My Committee approve of the recommendation of the Experts that Accountancy qualifications should be prescribed in connection with the appointment of Inspectors and Examiners.

Examination of books in cases where accounts are not audited.—My Committee approve of the recommendation of the Experts in this regard and suggest that the same be strictly adhered to.

Sufficient space should be allowed so as to ensure privacy of books of assessees at the time of examination.—It often happens that when books of an assessee are examined close by another Income-tax Officer is engaged with accounts of another assessee; the latter assessee has opportunities of hearing discussions going on near him in regard to the accounts of the former. Such opportunities may sometimes lead to the information getting in the hands of business rivals or competitors of the assessee concerned. This should be avoided as far as possible.

Estimation of profits in the absence of reliable evidence.—My Committee are in general agreement with recommendation of the Experts in this regard. They, however, wish to recommend an additional provision that every Order under Section 23 (4) should be a written order giving reasons etc.

Examination of witnesses.—Copies of the statements made by witnesses on oath should be furnished on application to the assessee and the assessee should not only have the right to be present at such examination but should also be allowed to cross-examine the witnesses put against him.

Section 6. Representation of assessees.

My Committee are of opinion that all those who are at present practising the profession of Income-tax Experts and thus appearing on behalf of assessees should be allowed the right to continue to appear and no restrictions should be placed against their doing so. As regards new entrants, my Committee had suggested in the year 1930 that over and above Graduates of Universities in India or the United Kingdom, persons holding the following qualifications should be entitled to appear on behalf of assessees, viz., persons holding G.D.A. Diplomas, persons engaged as Accountants or Secretaries in responsible Offices, holders of Diplomas in Accountancy from the Indian Merchants' Chamber or the London Chamber of Commerce.

Section 7. Penalty for failure to make returns.

My Committee have already opposed the recommendation in Section 2 throwing the burden on the assessee for making a return on his own accord. Consequentially, the question of any penalty for failure to make such returns voluntarily does not arise. For failure to make a return in response to the notice from the Income-tax Department, the existing Law has already prescribed penalties. Similarly the provisions of the present Law regarding penalties for incorrect returns are, in the opinion of my Committee, adequate.

Compounding of offences.—The present practice of compounding offences under Section 52 should be continued with a proviso that the amount of penalty in such cases should on no account exceed the amount of tax that is being avoided. It should also be laid down that in the case of avoidance of tax or concealment of income where subsequently the assessee himself voluntarily disclosed such defects, no penalty should be imposed. He should only be liable to pay in addition the interest on the amount involved.

Section 8. Additional assessments.

The Experts propose that even in case of under-assessments, Section 34 of the Act should be amended enabling a further assessment in respect of such under-assessments. My Committee are opposed to this, as no income which had already been once assessed should be subject to additional assessment. Regarding the recommendation that "the necessity of having fresh evidence before taking action under this Section should be emphasised by administrative instructions", my Committee are of opinion that it should not be left to the administrative instructions and this provision should be incorporated in the Section of the Act itself.

Section 10. Refunds.

For refund purposes there should be no difference made between a refundee and an assessee. This should be made clear by a definite section in the Act.

Time Limit.—For additional assessment or re-assessment, rectification of errors, grant of refund, etc., the time limit should be three years from the end of the year of assessment.

CHAPTER XV--APPEALS

Section 1.

The Experts have recommended that where the Assistant Commissioner admits evidence, which had been withheld from the Income-tax Officer without a reasonable cause, it will be open to him, even though he reduces the assessment, to impose penalty commensurate with the offence. My Committee are opposed to such a provision for penalty.

Section 2. Appellate Tribunals.

My Committee are in general agreement with the principle of setting up Tribunal for purposes of Income-tax appeals. They, however, feel that on questions of Law there should be a further appeal provided to the High Court. The English Income-tax Act provides sufficient opportunities for appealing against income-tax decisions, and similar opportunities should be available under the Indian Act also. As regards the personnel of the Tribunal, the Experts have recommended that two of them should be with accountancy or business experience. My Committee wish to modify this provision slightly. It should be provided that one of the members should be with accountancy and one with business experience. Many times Income-tax appeals involve questions of accounting principles and it is necessary to statutorily ensure the presence of an accountancy qualified member on the Tribunal. The Experts have also recommended that in the case involving points of Law at least one member of the Tribunal should be an ex-High Court Judge. Similarly, on questions of fact, provision should be made giving the assessee the right of insisting for one member of the Tribunal being with accountancy or business experience. Having regard to the fact that the complete personnel of the Tribunal is not expected to be in session for all cases, such a provision is necessary to secure that in cases, where in the opinion of the assessee points of fact are technical enough to necessitate the presence of a businessman or an accountant, such presence should necessarily be arranged for.

In the matter of control of the Income-tax Tribunal the Experts have recommended "that the only control should be such constitutional control as is applicable to the High Courts." The Judges of the High Courts are at present appointed by Royal Sign Manual and they are governed by Letters Patent issued in respect of each High Court. If the recommendation of the Experts is accepted, it would mean that the Judges of the Tribunal would also

be similarly appointed and would also be controlled on behalf of His Majesty's Government. My Committee do not see any reason why such control should not be vested completely in the hands of the Federal Government. They, therefore, recommend that the Tribunal and the Judges thereon should be appointed by the Federal Government, and by the Government of India during the period of transition, and that they should be completely under the administrative control of the Indian Government.

Section 5.

Time limit for lodging appeals.—The time limit for the purpose should be extended to 60 days, the present practice of extension vested in the Assistant Commissoner also continuing. The Experts have recommended a time limit of 60 days for appeals to the Tribunal. The time limit should be qualified by the word "ordinarily", securing thereby that in justifiable cases there would be no legal difficulty against the limit being relaxed.

CHAPTERS XVI & XVII

Chapter XVI deals with control and supervision and Chapter XVII with recruitment and promotion. The recommendations of the Experts in these chapters deal more with administrative details, and my Committee naturally do not wish to make any comments on the same. However, in Section 4 of Chapter XVI an important recommendation for the creation of a new appointment of a Chief Commissioner of Income-tax who "would serve as a technical adviser to the Central Board of Revenue.....and co-ordinate the administration of the Income-tax Act throughout British India" is made. The Experts also recommend the appointment of one Senior Assistant Commissioner and an Income-tax Officer to assist the Chief Commissioner. My Committee are opposed to the creation of these new posts. They are not convinced of the need for the same and on financial grounds there is no justification for accepting these

suggestions which would involve a considerable addition to the expenditure on the administrative machinery. The present arragement of having regional Commissioners with the existing control and co-ordination by the Central Board of Revenue is quite sufficient. The increase in revenue that may be expected consequent upon the proposed reform of the Income-tax system should, as far as possible, not even in part be spent in the creation of new posts.

In conclusion, my Committee hope that in the reform of the Income-tax Law based on the recommendations of the Experts, full weiglit would be given to the above suggestions of my Committee and to the views that will no doubt be placed before Government by the different commercial bodies in the country.

APPENDIX 54

Municipal Tax on Incorporated Companies

Letter No. 2482 dated 9th September 1937 from Chamber to the Mayor of Bombay.

The attention of my Committee has been drawn to the proposal now before the Bombay Municipal Corporation for the levy of a tax on Incorporated Companies transacting business in Bombay. It would appear that the Corporation referred this matter for consideration and report to their Retrenchment and Reforms Enquiry Committee. My Committee understand that the Retrenchment and Reforms Committee have, following a report submitted by a Sub-Committee appointed by them, recommended the levy of such a tax, on the basis on which a similar tax is levied in Calcutta by the Calcutta Corporation. The proposal will, therefore, now come before the Municipal Corporation for their final decision.

Before a decision in favour of such a levy is taken by the Corporation, my Committee would like to take this

opportunity of placing their views in the matter before you and, through you, before the members of the Corporation. The prosperity of the City and of the Municipal Corporation is dependent largely on the prosperity of the business and mercantile community of the City. It will be agreed that a substantial portion of the revenue accruing to the Corporation is derived, directly or indirectly, from sources connected with the business community. If a proper analysis is made, it will be found that, over and above the various taxes proper, such as the wheel tax, license fees, town duties, fire tax, etc., which perhaps may be said to be exclusively falling on the trade, industry and business of the City, a goodly portion of the other revenue resources such as the service taxes and the property tax is contributed by interests representing trade and industry. An Incorporated Company, although a separate legal entity, is composed of its shareholders and such shareholders are in various forms contributing towards the Municipal revenues. Moreover, the Company as such is, wherever necessary, paying taxes on its property and in various other directions under the already existing items of taxation. It is, therefore, inconceivable that a suggestion should at all have been made for singling out such Companies for a special tax.

It would not be out of place to mention here that the trade and commerce both of the country and of the City in particular are in a condition which can hardly be described as prosperous. The business interests are still smarting from the effects of the depression which began in 1929. At such a time any proposal to impose additional burdens on trade and industry is short-sighted and ill-conceived. Already one hears of the diversion of trade from Bombay, consequent partly to the heavy Port Trust and other charges in the City, and such a process of trade displacement will, my Committee submit, be accelerated by steps of the kind under contemplation by the Bombay Municipality. My Committee, therefore, submit that the Bombay Municipal Corporation should abandon all ideas of fresh taxation on

trade and industry of the City, whether in the form of a tax on Incorporated Companies or otherwise.

Justification is sought to be given to such a levy on the ground of the existence of a similar tax in Madras and Calcutta. If any comparison is to be made, it is not fair, and certainly not presenting a complete picture, to isolate one item of taxation and to form conclusions on the basis of that. If, however, such comparisons are relevant, my Committee may be allowed to point out that while the incidence of Municipal taxation in Bombay per head of population (1935-36) was Rs. 22-11-6, in Madras it was Rs. 7-2-10 and in Calcutta well under Rs. 20. Therefore, to make the taxation in the three cities on a comparable basis, Bombay will first have to think about a reduction on the existing level of taxation.

There is also the consideration that a tax on Companies would, to a certain extent, trench on the resources of the Government, Provincial and Central. My Committee, however, do not wish to enter into a discussion of the legal and constitutional issues involved in this aspect of the question. They would only add that the Government of India Act, 1935, contemplates the possibility of a new tax as "Corporation Tax" on Joint Stock Companies.

Before they conclude, my Committee would like to point out that the burden of Municipal taxation has increased tremendously in recent years. In the year 1913-1914, the total municipal expenditure stood at Rs. 120½ lakhs, while in 1935-36 the same went up to Rs. 313 lakhs, an increase of over 150 per cent. The per head Municipal taxation stood at Rs. 11-10-5 in 1913-14 and stands now at Rs. 22-11-6. Even allowing for all possible expansion, the figures of per head incidence of taxation go to prove that the burden of such continuous increases is becoming oppressive.

The greatest need of the moment is a sustained effort to curtail Municipal expenditure, particularly on administration. The Municipal Corporation cannot be left uninfluenced

by the spirit of service permeating the country and the orientation given by popular Provincial Governments in recognising the need for reduction and retrenchment in administrative expenditure. In unison with such conditions, the Municipality should also try to cut its coat according to the cloth, and not to impose fresh burdens on the already over-taxed citizens.

My Committee would, therefore, urge that the Bombay Municipal Corporation will be pleased to abandon the idea of levying a tax on Incorporated Companies.

APPENDIX 55

Refund of Town Duty on Sugarcandy (*Vide* Annual Report for 1934, Page 219)

Letter No. TD536 dated 23rd December 1937 from the Town Duty Officer, Bombay Municipality to Chamber

With reference to your letter No. 815 of 28-3-1934 addressed to the Municipal Secretary, I have the honour to inform you that the Government have since confirmed the new Rule No. 23 (B) of the Town Duty Refund Rules validating refund on locally manufactured sugarcandy and accordingly refund of town duty will be granted on sugarcandy prepared in the local factories from 20-12-1937 and onwards subject to the conditions laid down in the Rule referred to above.

APPENDIX 56

Letter No. 3486 dated 20th December 1937 from Chamber to Government of Bombay, Local Self-Government Department

I am directed by the Committee of this Chamber to bring to the attention of Government certain complaints

in connection with the refund of Town Duties under the Rules of the Bombay Municipal Corporation. My Committee had been receiving complaints on the inadequacy of these rules from several business people and leading business Associations directly affected, viz. the Grain Merchants' Association, the Rice Merchants' Association, the Sugar Merchants' Association, the Muccadam Association and the Commission Agents' Association, and at their instance their representative on the Municipal Corporation moved the following resolution on 28th November 1935, which was duly passed by that body :—

> "No. 629. That the Tenth Report, dated the 18th October 1935, of the Law, Revenue and General Purposes Committee, regarding the amendment of the Town Duty Refund Rules in the matter of admission of claims for refund, etc., be approved and adopted subject to the modification that the proposed proviso to Rule No. 13 (2) of the Town Duty Refund Rules be modified to read as follows :—
>
> 'Provided that any *bona fide* clerical or arithmetical mistake in any of the documents or errors arising therein from any accidental slip or omission shall not be deemed to be a material omission or discrepancy'."
>
> 2. That a copy of the Report together with the communications underlying it and of this Resolution be "forwarded to the Standing Committee with a recommendation that Rule No. 13 (2) (*b*) of the Town Duty Refund Rules be amended as indicated in para 1 above and....."

2. The Standing Committee of the Municipal Corporation considered the matter at their meeting held on 11th December 1935 and passed the following resolution :—

> "Resolved: That as recommended by the Corporation in their Resolution No. 629, dated 29th November

1935, Rule No. 13 (2) (*b*) of the Town Duty Refund Rules be amended by adding thereto the follow-ind proviso, and the Commissioner be requested to submit the same to Government for confirmation :

'Provided that any *bona fide* clerical or arithmetical mistake in any of the documents or errors arising therein from any accidental slip or omission shall not be deemed to be a material omission or discrepancy'."

3. My Committee understand that sanction, however, was not accorded by Government to the Bombay Municipal Corporation to amend the rules in accordance with the above resolutions, as according to them in terms of Section 194A of the Municipal Act the Town Duty Rules could not be amended unless the amendments first emanated from the Municipal Commissioner and were approved by the Standing Committee. While arriving at this decision, my Committee believe, Government overlooked the fact that during the initial discussion of the issue in the Law, Revenue and General Purposes Committee to which the Corporation had referred the matter, the Commissioner himself had initiated the proposal to amend the Rules by the addition of the proviso that : "Provided that any clerical or arithmetical mistake appearing in any of the documents shall not deemed to be a material omission or discrepancy if the Municipal Commissioner is satisfied that it was due to an accidental slip or omission" (*vide* Commissioner's letter No. TD307 dated 26th September 1935, Corporation Proceedings, page 1208, of Thursday, 28th November 1935). The Corporation in their Resolution only made that amendment certain, clear and definite.

4. The position now is that the Duty Refund Rules are not amended, as my Committee, the Municipal Corporation and the Standing Committee decided them to be, and that several business people are having their requests for refund either turned down or whittled down on technical grounds. As an instance, I beg to send herewith, under directions of my Committee, a copy of a letter they have

received from a Member-body, with its enclosure being a letter from a merchant.

5. It would be pertinent here to point out that the principle underlying the amendment suggested in the proviso to Rule 13 (2) (*b*), adopted by the Corporation and the Standing Committee, is one which has been unequivocally recognised in the Municipal Act. Section 525 of the said Act specifically provides that errors and omissions shall always be excepted. The rules cannot be said to be in consonance with the provisions of the Act if they did not ensure similar protection from errors and omissions in regard to matters provided for by the Rules.

6. My Committee beg now to approach Government with a request that, looking to the difficulties business people are labouring under the reasonableness of the request, they will be pleased to accord sanction to a revision of the Town Duty Refund Rules of the Bombay Municipality on lines referred to above. If, according to Government, no sanction can be given to any amendments of the said Rules unless the proposal has originated from the Municipal Commissioner himself, it lies with Government to amend the Municipal Act to the effect that action on his own initiative by the Commissioner should not be a condition precedent for the consideration of amendments to the Town Duty Refund Rules. My Committee are taking this point, as it appears to them that it concerns not only the interests of the business community but also a fundamental issue of Local Self-Government as to whether necessary amendments to Rules under the Act, in the present instance the Town Duty Refund Rules, even when adopted by the Corporation can be prevented from being incorporated simply because the Executive Officer, in this case the Commissioner, of the Bombay Municipality does not himself propose the amendments, which he reasonably ought to have done.

APPENDIX 57

Town Duties on additional articles—Coal, Iron-steel, Paper and Tea

Letter No. 2453 dated 3rd September 1937 from Chamber to Government of Bombay, General Department

At the meeting of the Bombay Municipal Corporation held on 12th July 1937, the following resolution, being Resolution No. 286 of that date, was passed:—

> "That the Seventy-eighth Report dated the 22nd May 1937 of the Law, Revenue & General Purposes Committee, regarding the revision of Schedule H (pertaining to articles liable to payment of Town Duty to the Municipal Act, be approved and adopted with the exception of the Committee's recommendation to levy town duties on oil seeds and vegetable oil and His Worship the Mayor be requested to approach Government for an amendment of Schedule H to the Municipal Act accordingly.
>
> 2. That a copy of the report be forwarded to the Commissioner for information and necessary action.
>
> 3. That in reply to their letters, on the subject, the applicants be informed of the orders passed."

The Report of the Law, Revenue & General Purposes Committee referred to therein recommended the amendment of Schedule H of the City of Bombay Municipal Act, 1888. The amendments suggested, *inter alia*, to provide for the levy of a Town Duty on coal at the rate of annas seven per ton. It is particularly with reference to the proposal for such a levy on coal that I am directed by the Committee of this Chamber to address this representation to Government.

My Committee have received complaints from the coal trade to the effect that this new duty would impose a

burden on the trade and would bring about certain complications of an undesirable character. Recently there have been various incidents connected with the coal trade which have upset the normal business of that trade. Coal prices have gone up by more than 80 per cent during the last one year. Complaints about the shortage of supplies and the consequent inconvenience to consumers of coal have been frequent. There have also been fears expressed regarding the prevailing manner and method of raising of coal from mines and this aspect of the question was the subject matter of an expert enquiry instituted by the Government of India. At such a time when there are sufficient indications of internal and incidental difficulties in the pursuit of the trade, it is unfortunate that the Bombay Municipality should come forward with a proposal to levy a new burden by the imposition of a town duty on coal.

The most important consumers of coal in the City are the industrial enterprises, including the small scale factories. During recent years it is a matter of common knowledge that important industrial units have from coal fuel changed to hydro-electric power and/or imported oil fuel. It has been estimated that only about 15 per cent of the textile mills in the City are still using coal while the others are using electricity or oil fuel. The imposition of any further burden therefore on coal would tend to hasten the final elimination of coal for power purposes. As has already been pointed out, coal is also being used for factories in small scale industries. Even as it is, such industries are finding it very difficult to withstand foreign competition and their condition cannot be described as very prosperous. In such a state of affairs, it is to be regretted that a suggestion which would increase the cost of production of such industries should have been seriously made.

Reference has been made to the fact that coal has to compete with electricity and fuel oil, and that any handicap placed on the consumption of coal would tend to displace the same. This indirect preference which would accrue to

fuel oil has to be borne in mind in coming to a decision on this question. It will also be pertinent to draw pointed attention to the fact that such fuel oil is of foreign origin and any step which would stimulate the imports of such oil to the detriment of the Indian Coal industry should be strongly deprecated. My Committee fear that this aspect of the question has not weighed sufficiently with the Municipal Corporation in deciding upon the levy of a town duty.

My Committee, therefore, request that Government will be pleased to take the above factors into consideration and not to give their sanction to the proposal of the Municipality for the levy of a town duty on coal.

Letter No. S-108-9851-A dated 28th September 1937 from Government of Bombay to Chamber.

I am directed to refer to your letter No. 2453, dated the 3rd September 1937, communicating the views of your Chamber on the proposal of the Bombay Municipal Corporation for the levy of a town duty on coal, and to request that if your Chamber have any suggestions or remarks to offer on the Corporation's proposal to levy town duties on other articles, they may be communicated to Government at an early date.

Letter No. 2836 dated 13th October 1937 from Chamber to Government of Bombay.

I am directed to acknowledge receipt of your letter No. S-108-9851-A, dated 28th September 1937, on the above subject, and in reply to inform you that my Committee have no suggestions or remarks to offer on the Corporation's proposal to levy town duties on other articles in the schedule. They have already forwarded their views in regard to inclusion of coal in the schedule H in their letter No. 2453, dated the 3rd September 1937.

Letter No. 3272 dated 29th November 1937 from Chamber to Government of Bombay.

With reference to the correspondence, ending with the letter of my Committee, dated 13th October 1937, No. 2836,

they have further considered the proposals forwarded to Government by the Bombay Municipal Corporation regarding the levy of town duties on Iron and Steel and Paper. They have also consulted influential and important representatives of these trades and have come to the conclusion that the levy of town duties on these articles will not only be impracticable from the refund point of view but will also inflict a great loss on these trades, as well as on the general trade of Bombay by diverting these trades to other ports, which are free from all these restrictions and limitations and additional charges on trade.

2. To take first iron and steel, the Iron and Steel trade of Bombay caters not only to the wants of the City but also to the wants of the Presidency as a whole, as also Central India, Central Provinces, Deccan Hyderabad, etc. Bombay has, in this instance, to compete with Kathiawar ports, Karachi and Calcutta. It is natural, therefore, to suppose that if there is this additional duty levied on iron and steel, there will be a tendency for this trade to be diverted to one of these competing ports.

3. It may be argued that the iron and streel trade need not feel nervous with regard to the levy of any such additional duty, as there is the provision for refunds, which is generally granted on goods which have been imported and re-exported or sent out within six months from the date of importation. The system of refund is not working satisfactorily even with regard to articles which are at present liable to town duty. Much more so, will be the case with an article like iron and steel. These articles are obtained from the United Kingdom, the Continent of Europe, Tatanagar, Mysore, Calcutta, etc. My Committee are informed that excepting foreign bars, no other bars bear any marks to show when or from where they were imported, and the practice of the trade is to put bars of one section in one stock whatever may be their place of manufacture. It is also usual to sell goods imported under one invoice to different local merchants. Joists are

imported in full lengths of 20 to 40 feet and are sold to consumers in the lengths they require. Under the circumstances, which had been stated above and which have been fully described in the communication from the Bombay Iron Merchant' Association to Government, my Committee apprehend that it is not practicable, if not impossible, to claim any refunds of town duty on iron and steel, which will mean that the town duty will be in the nature of a terminal tax. The Iron and Steel trade in Bombay, through various reasons, has gone down considerably in recent years, and the imposition of the proposed town duty will be a heavy blow to this trade. My Committee, therefore, beg to support the appeal of the Iron Merchants' Association to Government that they will be pleased not to accord their sanction to the proposal of the Bombay Municipality for the levy of town duty on iron and steel.

4. Witb regard to paper, my Committee are afraid that the incidence of the proposed taxation is prohibitive. The newsprint industry has been very badly hit by the increase in prices in Europe and it was only a few months back that the Government of India gave them some relief by reducing the rate of duty on newsprint in reels. Newspapers using sheets are also going to represent to the Government of India for a reduction, as they find it difficult to work with the present heavy duties on that class of paper. Looking to these heavy duties on newsprint in reels and sheets and on straw board, it is not possible for the trade to pay any additional duty proposed to be levied by the Bombay Municipality. Here too, there is a grave apprehension, and a justifiable one, for the diversion of the trade to other ports. Not only that, but my Committee are informed that paper is imported in big bales, which it is necessary here to divide and subdivide into smaller portions for purposes of trade. It will not be possible, therefore, to observe the rules regarding refund and the town duty may, in this case also, assume the form of a terminal tax. Messrs. J. B. Advani & Co., Ltd., have already submitted a representation to Government and have plainly

written that they will have to do business from ports such as Okha and Bhavnagar or through their Calcutta Office in case the town duty is going to be levied. Under these circumstances, my Committee hope that in this case also Government will be pleased not to accord their sanction to the proposal of the Bombay Municipal Corporation to levy a town duty on certain classes of paper and straw board.

Letter No. 409 *dated 5th February* 1938 *from Chamber to Government of Bombay.*

The attention of the Committee of this Chamber has been drawn by the local tea merchants to the difficulties that the tea trade of the City will experience if the Town Duty proposed by the Bombay Municipal Corporation of half an anna per lb. is adopted. My Committee beg to support the representation of the tea merchants and to emphasise that this Town Duty will have a deleterious effect on the tea trade, particularly as Bombay is not only a big tea consuming centre itself but is an entrepot for distribution of tea throughout the districts. Looking to the price of tea, which has recently been much reduced, even half an anna per lb. is considered to be a heavy duty. It is argued perhaps by the Municipal Corporation in this case, as in others, that there are provisions for refunding the Town Duty. The nature, however, of the tea trade is such that it is almost impossible for the trade to claim any refunds. It is well-known that good mixing forms an essential component of the trade and if this is done it will not be possible to get any refund as for this it is required that the original nature of the article should not be changed. The present Government have adopted as one of the main planks of their policy prohibition, and to make this successful tea will be a great factor. It is already found in Salem District in the Presidency of Madras, that tea shops have to be opened to make the experiment of prohibition successful. It is, therefore, necessary that as far as possible tea should be made available to the public in as pure and cheap a form as possible. My Committee beg, therefore, to hope

that the Government of Bombay will be pleased not to accord their sanction to the proposed Town Duty on tea.

In this connection, My Committee have found that the new duties proposed by the Bombay Municipal Corporation affect some of the leading trades, like Coal, Iron and Steel, Paper and Tea ; and yet so far as their information goes some of these trades was consulted or taken into confidence. It is necessary and essential that a large Municipal Corporation like that of Bombay should, before it adopts any measures, specially for taxation, consult the varied interests concerned. If they had done so, there would not have been all this agitation, as it might have been possible to find out a via media. In any case, looking to the strenuous and strong protests from all the commercial interests of coal, iron and steel, paper and tea, my Committee beg to request Government to be pleased not to accord their sanction to all these proposals, but to ask the Municipal Corporation, if necessary, to reconsider all the issues.

APPENDIX 58

Insurance Bill

(*Note.*—The Bill and the extracts from debates are not printed but can be referred to in file R. 33A/1937).

Letter dated 2nd June 1937 from Chamber to Government of Bombay, Finance Department.

I am directed to refer to your letter No. 2738/33-D(2), dated 22nd March 1937, and to send to you hereby the views of my Committee on the Bill to consolidate and amend the law relating to the business of insurance in India.

The need for codifying the law relating to the business of insurance in India was recognised at an early stage and my Committee, along with other commercial associations

in the country, had from the year 1925 been pressing upon the Government of India the desirability of taking early steps in that direction. They therefore welcome the present Bill and hope that the same will be placed on the Statute Book at an early date.

The main considerations, which had weighed with my Committee and the Indian commercial community in pressing for an amendment of the law relating to insurance were :

(1) protection of the interests of the policyholders and shareholders; and

(2) protection of Indian Insurance business from the competition from non-Indian insurance companies.

So far as the present Bill goes, only the first object is sought to be secured. Sufficient attention has not been paid to the second consideration. My Committee recognise that the Bill provides for increased supervision and control of all concerns including foreign companies transacting business of insurance in India, but they would have liked some specific provisions designed to be of direct assistance and protection to the Indian concerns as against non-Indian concerns incorporated in the Bill. The State has accepted the principle and policy of protection for Indian industries, and no valid reasons can be advanced against extending the same principle to the business of insurance. Several suggestions designed to secure such direct assistance to Indian companies were placed before Government in the preliminary stages of the investigations in connection with the amendment of this law. For reasons best known to themselves, Government have not chosen to embody these suggestions in the present Bill.

My Committee believe that as regards Indian General Insurance Companies, tangible assistance should be given to them. The conditions in India are entirely different from those in other parts of the world. Effective protection

should, therefore, be given to Indian general companies. This can take many forms and they suggest the following :—

(*i*) All insurance controlled by the Government should be placed with Indian insurance companies.

(*ii*) The Government should require all Municipalities, Local Boards, Port Trusts, Improvement Trusts and other quasi-Government bodies and institutions receiving Government aid to insure all their properties with Indian insurance companies.

(*iii*) All industries which have received protection from Government in the shape of direct bounty or by Tariff should be required to place their insurance business with Indian insurance companies. The suggestion is in harmony with the following view expressed by the Tariff Board in their report in 1932 : "Unless the policy of protection results in the development not merely of the industries to which protection is granted, but also of subsidiary industries, it will have failed to achieve its full purpose."

(*iv*) All foreign insurance companies doing business in India should be asked to effect reinsurances with Indian insurance companies.

(*v*) An additional stamp duty on policies issued by non-Indian companies should be imposed.

My Committee also suggest direct protection in the shape of compulsory reinsurance with Indian companies of a certain percentage of all policies issued by non-Indian companies in India. Such a system of compulsory reinsurances is prevalent in some countries including the Irish Free State.

My Committee are making these preliminary observations with a view to indicate that, while recognising that the present Bill is an improvement on the existing position, it does not, at the same time, come to the just expectations of the Indian commercial community and the requirements of the case. They would, therefore, urge that Government

should incorporate in the Bill provisions designed to give direct protection to the business of Insurance on the lines indicated above and if that is not feasible should introduce at an early date fresh legislation to secure that object.

There are some provisions in the Bill applicable to external companies. But no clear-cut definition of such companies has been laid down. To defeat the object of the distiction between Indian companies and non-Indian companies, it may be possible for such external companies to form subsidiary companies in India conforming to the laws of British India and thereby securing to such subsidiary companies the legal status of Indian companies. To prevent such circumvention, my Committee have suggested the need for defining distinctly in the Bill the terms 'Indian Company' and 'non-Indian Company.'

With these general remarks, my Committee would now proceed to examine the clauses of the draft Bill.

PART I—PRELIMINARY

Clause 2 : My Committee recommend that the following two definitions be added to the list of definitions in the Clause :—

(1) "Indian Company" means a company (other than a Provident Insurance Society registered under the Provident Insurance Societies Act of 1912) incorporated by or under the Laws of British India or an Indian State as defined by Section 311 of the Government of India Act 1935 for the purpose of carrying on the business of insurance, provided that three-fourths of its paid-up capital is held in their own right by British Indian subjects domiciled in India as defined by the said Section 311, and that three-fourths of its governing body are such British Indian subjects as aforesaid ;

(2) "Non-Indian Company" means a company which is not an Indian company as defined by this Act or

a company incorporated under the Laws of any foreign country for the purpose of carrying on the business of insurance, and having the faculty or capacity under its Act or other instrument of incorporation to carry on such business throughout British India.

Cl. 2 (5) : Government Securities—With regard to the definition of this term, it should be made clear whether Sterling Securities of the Government of India are included therein.

Cl. 2 (7) : "Insurer"—My Committee suggest that this term should include subsidiary companies also, and that an individual company and subsidiary company should be treated as separate entities.

Doubts have been felt whether Agents of non-Indian companies working in India would come within the purview of the definition. This should be cleared and such Agents should be brought within the meaning of the term 'insurer'.

PART II—PROVISIONS APPLICABLE TO INSURERS

Cl. 3 (1) : This sub-clause provides for compulsory registration of all insurance companies. My Committee are of opinion that in the case of non-Indian companies, registration should be subject to annual renewal. Such a provision for annual renewal would provide an automatic opportunity for examining the affairs and methods of work of the companies. My Committee understand that such a provision for registration exists in Canada.

Cl. 3 (3) : This sub-clause empowers the Governor-General in Council to withhold registration in the case of any non-Indian insurer if in the country in which it has its principal place of office Indian companies are debarred from carrying on the business of insurance etc. The words used are "the Governor-General in Council *may* etc." ; thus the taking of action is left to the discretion of the Governor-General in Council. My Committee are of opinion

that there should be no element of discretion in the matter and in cases where such restrictions are imposed on Indian Companies, the Governor-General in Council should automatically take action against companies of foreign countries concerned. This can be secured by the substitution of the word "shall" for the word "may" in line 3 of this sub-clause.

Cl. 3 (4): Similarly in line 2 of this sub-clause the word "may" be substituted by the word "shall", thereby providing for the automatic cancellation of registration of a company which has not conformed to the requirements of Section 5 in regard to deposits.

My Committee suggest that a new sub-clause (5) should be added to Clause 3 reading as follows:—

> "Notwithstanding anything to the contrary contained in this Act, no certificate of registration shall be granted for a period of 20 years from the date of the passing of this Act to a non-Indian company which was not on the 1st day of January 1937 carrying on the class or classes of Insusance business for which the certificate is applied for by such a company :
>
> Provided that the Governor-General in Council may in his absolute direction from time to time extend the said period of 20 years."

This addition is suggested in order that the Indian insurance companies may be able to consolidate and grow on right lines. In the field of general insurance there are very few Indian companies, their number being limited to about a dozen while the number of non-Indian companies working in India even now is nearly 135. It is but equitable that for a period of twenty years no new non-Indian companies should be permitted to work in India. The business available in India is limited and if there are more companies to share it, the competition is bound to be uneconomic. Some scope should also be allowed for the promotion of new Indian companies for doing general insurance business. This restriction is necessary

for Life Insurance companies also. The requirements under the new Bill will entail increased financial obligations particularly on the smaller companies established during the last five years, the number of which is considerable. These companies also should be allowed time to progress unhampered by further foreign competition.

Cl. 5 (1) (*c*) & (*d*): The amounts of deposit mentioned in the sub-clauses are Rs. 1,50,000 for companies doing marine insurance business and Rs. 1,00,000 for companies doing accident and miscellaneous insurance, including workmen's compensation. My Committee are of opinion that for marine insurance the amount of deposit should be reduced to Rs. 1,00,000 and for accident etc., it should be increased to Rs. 1,50,000. They therefore recommend that the two sub-clauses be altered accordingly.

On the question of deposits, my Committee were inclined to suggest for non-Indion companies double the amount prescribed but having regard to their suggestions that penalties under Clause 3 (3) and (4) be made obligatory and automatic and having regard to certain requirements regarding investments in the country by such foreign companies of certain amounts as laid down in the Bill, they do not wish to press this suggestion.

Cl. 5 (2): So far as existing companies are concerned my Committee are of opinion that the number of instalments for payment of deposits should be increased. They suggest that the deposits should be allowed to be paid in five instalments.

Cl. 5 (6): My Committee suggest that in the case of deposits in cash at the option of the Company the same be kept in cash. The interest on all deposits should be collected free of charge as at present. The provision in the sub-clause for commission chargeable for the realisation of such interest will have therefore to be deleted.

Cl. 9: My Committee are of opinion that in the accounts and balance sheets, reinsurance of business with

non-Indian companies working in India and reinsurance with companies outside India should be shown separately. This information is very essential and would be useful for statistical purposes.

Cl. 12 (1): This sub-clause provides that the accounts and balance sheets should be furnished to the Superintendent of Insurance within three months and the valuation report should be furnished within six months from the end of the period to which they relate. My Committee are of opinion that the time allowed for the purposes is too short and that the same be increased to six and twelve months respectively.

Cl. 13 (2): My Committee suggest that insurers established outside British India should, in addition to the documents mentioned in (*a*) and (*b*) of this sub-clause, furnish the following documents also:—

(*c*) An abstract as mentioned in Section 11 regarding business of such companies in British India;

(*d*) All other returns about their business in British India which Indian companies have to submit.

Cl. 15: In line 5 of this clause, after the word "submission", the words "at a meeting" be added.

Cl. 16: This clause provides that proceedings of every general meeting of every insurance company should be submitted to the Superintendent of Insurance within 15 days from the holding of the meeting to which it relates. My Committee feel that the time allowed is short and recommend that the same should be increased to 30 days as at present.

Cl. 17 (1): It is provided that all returns furnished by companies should be open to inspection by any persons and that copies of such returns should be furnished to any persons on payment of a prescirbed fee. While my Committee agree that such returns should be open for inspection by any persons, they are of opinion that copies

thereof should be made available only to policyholders and shareholders. They therefore recommend that the sub-clause be amended accordingly.

Cl. 17 (2): It is provided that printed copies of accounts, statements and abstracts furnished by companies in accordance with Sections 12 and 13 of the Act should be supplied to any shareholder or policyholder on application. My Committee are of opinion that a fee should be charged for the supply of such copies and to this end they would recommend the addition of the following words after the word "policyholder" in line 4 of the sub-clause, viz., "and on payment of a fee as prescribed in clause 17 (1) above."

Cl. 21: This clause provides for a summary of the returns being published by Government. My Committee are of opinion that a definite time limit should be prescribed for such publication and therefore recommend the amendment of the clause to the effect that the returns shall be caused to be published before the 31st December of the succeeding year.

Cl. 22: An insurer is precluded from publishing in British India any return in a form other than that in which it has been furnished to the Superintendent of Insurance. My Committee feel that such a provision would create complications as for purposes of advertisement etc., it would not be practicable to publish a return exactly in the form in which the same has been furnished for statutory purposes. They therefore recommend the deletion of this clause.

Investment, Loans and Management

Cl. 23 (1): This sub-clause makes it obligatory on Indian insurance companies to invest not less than 33⅓% of their total assets in Government Securities. As a matter of general practice, investments of insurance companies are made in Securities authorised under the Indian Trust Act of 1882, such as Municipal and Port Trust Bonds, Debentures of Land Mortgage Banks guaranteed

by Government, Railway Stocks and Shares guaranteed by the Secretary of State for India, and first mortgages on free-hold properties. Provision to confine the statutory portion of such investments exclusively to Government Securities will restrict the field of investments, upset present arrangements, and is bound to be a hardship on the companies. Moreover, the possibility of harnessing the resources available with insurance companies for industrial and commercial advancement of the country by making funds available for such purposes will be thwarted. My Committee are therefore of opinion that the said portion of the assets, viz., 33⅓% should be allowed to be invested in, over and above Government Securities, other securities authorised under Sections 20 and 20A of the Indian Trust Act.

Cl. 23 (2): It is provided that non-Indian companies should invest not less that 33⅓% of the total premiun income of the business transacted in British India in every year in Government Securities. Obviously the provision is intended to safeguard the interests of the Indian policy-holders. My Committee wish to point out that mere investment in Government Securities alone would not safeguard such interests, for there is nothing to prevent such foreign insurers from going out of the country at a subsequent date and realising their investments, thereby defeating the very object for which the sub-clause is designed. The fear cannot be brushed aside as imaginary, because in times of political complications such as war such an eventuality may happen. If such assets were not to be in Trust for Policyholders in India they will form part of the general assets of the Company in case the Company is wound up, and Indian Policyholders will have to be rateable creditors. The Phoenix of Austria, a very big Continental Company, suffered losses only about a year back and the Policyholders in countries where the assets had to be kept in trust for them escaped all loss. In the opinion of my Committee, therefore, it is necessary that the scope of the sub-clause should be so amended

as to make it obligatory on such investments being held in trust in India, Trustees to be approved by the Government of India.

Cl. 23 (4) : Under this sub-clause the grant of loans by insurance companies to any director, manager, officer, etc. of such companies is precluded. The term officer is not defined in the sub-clause or elsewhere in the Bill. My Committee presume that loans granted to officers for ordinary purposes which would indirectly further the business objects of the companies such as for the purchase of motor cars etc. are not prevented under this clause. This point may be made clear.

Managing Agents.

Cl. 24 : The appointment of managing agents for insurance companies after the commencement of the new Act is prohibited under sub-clause (1), and sub-clause (2) limits the life of the existing managing agents to three years from the commencement of the new Act. The intention thus is that so far as the business of insurance is concerned the managing agency system be completely abolished. My Committee are strongly opposed to the proposals in the clause, viz., of the complete abolition of the managing agency system for this business. The new Indian Companies Act has, by provisions incorporated in the same, provided for managing agents and has recognised the place of managing agents in the industrial and commercial advancement of the country, and allowed the continuance of the system although under certain restrictions and regulations. There is no reason why companies doing insurance business should be treated on a different basis. Restrictions applicable in regard to the managing agency under the Indian Companies Act may be extended to insurance companies also and there should be no positive bar against the system of managing agency for insurance business. The argument may perhaps be advanced that under the Companies Act managing agency

for banking companies is prohibited. Insurance business, although a credit institution, is not on all fours with banking business. The spade work required for building an efficient organisation, etc. in regard to the business of insurance involves considerable skill, energy, resources and influence and, it is the opinion of my Committee that in all these matters the existence of managing agents will prove to be of advantage. Again, financial requirements in the form of deposits, working capital, etc. imposed under the provision of the draft Bill are heavy and in some cases without the services of managing agents to inspire confidence, it may be difficult in future to start companies with adequate capital to meet all these requirements. If the system is therefore sought to be abolished, the same is bound to have a very deleterious effect on the starting of new insurance companies in the country.

Again, the proposal to terminate the life of the existing managing agencies after three years from the commencement of the new Act without compensation, will work very hard on some of the managing agents. It will be readily agreed that the first few years of the life of an insurance company are spent in building up the organisation and in securing the necessary connections, and as a matter of general experience the financial results of those years are not sufficient in many cases to enable the managing agents to appropriate to themselves their commission due to them under the agency contracts. As a matter of fact many managing agents have voluntarily foregone their remuneration during the initial stages of the companies. This act of self-denial was prompted by the hope that when the company was in an entrenched position the managing agents would, with the prosperity of the company, enjoy the legitimate fruits of their toil. If now, it is sought to terminate the services of such managing agents without any compensation, it will really be a hardship on them and would involve an element of unfairness and a denial of their contractual rights. My Committee therefore strongly oppose the proposals for (1) preventing

the appointment of managing agents in future, and (2) terminating without compensation the life of existing managing agencies after three years from the commencement of the new Act. Their recommendation is that managing agents for Insurance Companies should be allowed with the provision and restrictions applicable to such agencies under the Indian Companies Act.

Remuneration of Managing Agents

My Committee however realise that for the purposes of remuneration of Managing Agencies for Insurance Companies, some basis other than the one based on profits adopted for general companies under the Companies Act will have to be evolved. In fixing the remuneration of the Managing Agents for insurance companies, a difference has to be observed between (1) General Insurance Companies not doing life business, (2) Life Insurance Companies pure and simple, and (3) General Insurance Companies doing also life business. The basis of remuneration in all these three cases, will necessarily have to be different.

My Committee recommend that provision should be made in the Bill for the remuneration of Managing Agents somewhat on the following lines.

As regards the General Insurance Companies not doing life business, the remuneration can be regulated on the principles which govern several profit-making companies for which legislation has been made. Section 87C of the Indian Companies Act (1936) may be made applicable to these companies as well as the composite offices so far as their business in all departments excepting life is concerned.

Regarding Life Insurance Companies pure and simple, there being no profit and loss account, the remuneration cannot be on the basis of a percentage of net profits. The surpluses which are ascertained on an actuarial valuation are disclosed only periodically ranging from 3 to 5 years.

Further normally growing Life Insurance Companies will have the surplus increasing more or less in geometrical ratio at each succeeding valuation and any percentage that can be fixed might in course of time prove to be heavy. If it is fixed at too low a figure it will be very unfair in the beginning. My Committee therefore consider the question of remunerating the managing agents on a fixed percentage of surplus disclosed in the valuation impracticable.

The usual method now in vogue is of having

(*a*) a minimum remuneration, and

(*b*) a percentage of the first year's premium income or a percentage of the face value of the new business; and

(*c*) a percentage of renewal premium income.

My Committee consider that a certain minimum payment must be fixed which will compensate the managing agents and be an incentive to them in promoting the interests of the company to the best advantage. Such remuneration has also been contemplated under Section 87 (*c*) of the Indian Companies Act.

Besides the above minimum payment, further remuneration being percentages of the first year's premium should be allowed. Whether any particular percentage as the maximum should be fixed, is a matter for consideration. If a particular percentage is to be fixed, my Committee would suggest 6½ per cent as the maximum, till the new business premium amounts to Rupees Ten lakhs, and 2½ per cent only on new premium amount in excess of the figure. In calculating this, no premium income on a particular policy should be taken into consideration unless it is at least for one year. If such premium for the whole year is completely paid at any time after such calculation, it should be taken into account in that year. Single premiums, Children's endowment, etc. also should not be taken into consideration.

In addition to the above, a percentage of renewal premium income should be allowed. My Committee consider that 1¼ per cent may be fixed as the maximum ; single premiums etc. to be counted as renewal for this purpose.

The above suggestions should also apply to the life insurance department of composite offices.

As regards existing Managing Agents, they should be entitled to be paid remuneration on the same basis as is specified in the existing agreements during their continuance. On the existing agreements coming to an end under the Indian Companies Act their remuneration on their being re-appointed should be on the new basis.

Inspection

Cl. 25 : It is proposed that the Superintendent of Insurance may under certain circumstances either on his own account or on a requisition from shareholders holding not less than 1/10th of the share capital or on a requisition from not less than 20 policyholders holding policies, in force for over three years, of the aggregate value of Rs. 20,000, appoint an Auditor or an Actuary to investigate the affairs of the insurance company concerned. My Committee feel that so far as requisitions from policyholders are concerned, the number of such requisitionists and the total value of their policies should be increased. They suggest that action as provided for should be taken only when a requisition is presented in the names of 50 policyholders instead of 20, with a total policy value of Rs. 50,000 instead of Rs. 20,000. This suggestion is intended to prevent vexatious requisitions from a small number.

Amalgamation etc.

Cl. 28: This clause regulates the procedure in regard to amalgamation and transfer of Insurance companies. In view of the general restrictions contemplated in the Bill it may be in the interests of smaller companies to amalgamate. Some provisions should therefore be made, which are simple and less expensive and which would facilitate

such amalgamation within the first three years of the new Act. My Committee recommend the addition of a suitable proviso to this clause to the above effect.

It is also proposed in this clause that the schemes in regard to amalgamation should be kept open for inspection among other places, at all agencies of the insurance company concerned. In view of the fact that in some cases the number of agencies would be considerable, it is suggested that it should be deemed sufficient if the scheme is kept open at the *chief* agencies. Accordingly, my Committee recommend the addition of the word "chief" in sub-clause (3) of this clause.

Cl. 30: It is proposed that on completion of the formalities connected with any scheme of amalgamation, certain details and other papers connected with the scheme should be forwarded to the Governor-General in Council within *one* month. The time allowed is inadequate, and my Committee recommend that the period of *three* months be allowed for the purpose.

Assignment or Transfer of Policies and Nominations

Cl. 31: This clause deals with assignments and transfer of policies. In regard to assignment in favour of blood relatives, it is the general practice at present to make such assignments conditional that in the event of the policyholder surviving the policy period or in the event of the assignee not surviving the policy period or the assignor, the benefits of the policy would revert to the assignor. Doubts have been left that such conditional assignments would not be permissible under the provisions of this clause as drafted. Again under the Mahomedan Law conditional transfer of property is prohibited. My Committee, therefore, recommend that it should be specifically provided that such conditional assignments should be permitted irrespective of even the personal law of the parties concerned. Such conditional assignments made in policies already existing should not also be made void. Necessary changes may therefore be made in the clause to incorporate the above suggestions.

Cl. 32: This clause deals with nomination of beneficiaries by policyholders. It is also provided that such nominations may be cancelled or changed at any time before policies mature for payment. The provision, though beneficial, is subject to certain legal limitations and the nominees will not be protected against claims by creditors on the benefits under the policies. My Committee wish to suggest that the following additional safeguard in the interests of such nominees where they happen to be blood relatives be made, viz., that if the nomination is in favour of a blood relation and if done before 12 months of the death or bankruptcy of the assured, the same shall be irrevocable at the instance of any of the creditors of the assured or of the Official Assignee.

Commission and Rebates and Licensing of Agents

Cl. 33: This clause regulates and limits the payment of commission for procuring insurance business. My Committee welcome and support the principle of limiting the scales of commission both in life and general insurance business. In the interests of the policyholders and of insurance business, it is necessary that the middlemen's profit should be limited to minimum. My Committee have heard it suggested that such a fixation of rates of commission by statute would be interference in the internal working of companies transacting insurance business. They cannot subscribe to this view. The evidence of unhealthy and unbridled competition leading to uneconomic rates of commission confirms their opinion that both in national interests and in the interests of companies doing insurance business the State should step in and prevent such a race for procuring business. The criticism that such a regulation is an avoidable interference in the day-to-day management of the affairs of insurance companies will not cut ice. There are various instances in which the State has enacted laws regulating the internal affairs of a business. The United States of America presents the extreme example of active interferenee by the various Codes and Regulations laid down for the conduct of business in that

country. Nearer home, in regard to rubber and tea by the restriction schemes, the Government of India wish to ensure the progress of these industries. Not long ago, similar requisitions for schemes of restriction in regard to Coal and Jute were also placed before Government. Such critics cannot also be unaware of the fact that in the case of Sugar industry, in order to protect the interests of the cultivator, the State has prescribed the minimum prices payable to suppliers of sugarcane. If such prices had been left to be fixed by the free-play of the factors of supply-and-demand, it was feared that the grower of the cane would not have secured an adequate return for his labour. The present Bill itself seeks to regulate the business of insurance in so many directions, and there is no reason why such a regulation should not extend to the procedure and expenses in regard to securing insurance business. My Committee are convinced that voluntary action by insurers limiting the scales of commission would not be practicable or possible in the existing state of affairs, and they therefore strongly support the proposal to make suitable provisions towards this end in the statute itself.

Regarding the details of the scales of commission that may be allowed, my Committee do not wish to make any suggestions, except that the same should be fixed in consultation with Associations representing insurance companies. No doubt the Indian Life Offices Association and the Indian Insurance Companies Association would be placing before Government their considered views in this regard. My Committee suggest that the scales adopted by the statute should be such as are suggested by and acceptable to the said Associations.

Cl. 34: Sub-clause (1) of this clause prohibits the payment of rebates to policyholders by insurers, insurance agents, etc., and sub-clause (2) prescribes penalties for grant of such rebates. My Committee are in agreement with the principle of doing away with the system of rebates. It is provided that for a default under this section an insurer shall be punishable with a fine which may

extend to Rs. 500 and an insurance agent with a fine which may extend to Rs. 100. My Committee see no reason why the amounts of fine for the same offence should vary as between the two parties. They are of opinion that for insurance agents also the same penalty should be levied. They would like to go a step further and make an additional suggestion that the receiving of such rebates should also be made penal. In all other walks of life, the receiving of illegal gratification is an offence, and when rebates are prohibited the receivers of such rebates would become the receivers of illegal gratification. The abuse of the giving and the receiving of rebates for inducing insurance business has reached huge proportions and in order to stamp it out completely, it is necessary that the receivers should also be brought within the ambit of the offence, so that the companies and insurance agents may be saved from the temptation to violate or circumvent the provision by claims from prospective policyholders for such gratification. It may be argued that in the mofussil ignorant policyholders, not knowing the provisions of law, may be unnecessarily involved by an extension of the offence to receivers. The same may be said in regard to all laws. It is axiomatic that ignorance of law is no excuse. Moreover, it is the opinion of my Committee that such ignorant persons from the mofussil rarely enjoy the benefits of such rebates even at present, and they are not likely to come into grief in future if receiving of rebates is made penal.

Cl. 35: The clause provides for licensing of Insurance Agents. My Committee welcome such a provision, and would only add that such licensing should be subject to annual renewal; they would further suggest that the license fee should not be high; Rs. 5 would in their opinion be a reasonable amount for the purpose.

Prompt Settlement of Claims—Payment into Court

Cl. 38: This clause provides for payment into Court by an insurer the money in respect of a policy on which there are conflicting claims. My Committee had in the

year 1933 supported the principle of such a provision for prompt settlement of claims. At that time, however, they had suggested certain checks to prevent frivolous use of the facilities by insurance companies. For instance, they had suggested that provision should be made to make it obligatory on insurance companies to pay half the stamp duty involved in the procedure of paying any claims through Court. My Committee have considered the provision in this clause in the light of their above views. They are now inclined to think that if such an obligation to share costs is placed on the insurance companies, the companies are not likely to make use of this process for settlement of such claims. It is to their advantage to hold on to the moneys till the claim is satisfactorily settled, as it would mean the accrual of interest to them on such moneys. Unless therefore they are completely freed from any obligation to bear any portion of costs, the insurance companies are not likely to pay the claim moneys into Court as contemplated under this clause. My Committee, therefore, recommend the deletion of sub-clauses (6), (7) and (8) of this clause, as they will tend to frustrate the very object of the procedure for prompt settlement of claims contemplated under this provision.

Winding up

Cl. 39: This clause provides for the winding up of a company. Such winding up *inter alia* will be ordered on a petition by shareholders holding not less than one-tenth of the total share capital or by not less than 20 policyholders holding policies of the total value of not less than Rs. 20,000. In Section 25 in connection with provision for inspection, my Committee have recommended that the number of requisitionists and the total value of policies should be increased. They had suggested that the requisition should be sent in the names of 50 policyholders, instead of 20, holding policies of the value of Rs. 50,000, instead of Rs. 20,000. Similar increase in the number of policyholders and the value of policies should be made in regard to this clause also.

Cl. 39 (*b*) (2) : Failure to comply with the requirements of the Act and continuance of such failure for a period of one month after notice of such failure are prescribed as grounds which may entail an order for winding up the affairs of the company. My Committee consider that the time allowed is short, and suggest that the period of one month be increased to two or three months.

Non-Indian Companies

Cl. 48 : This clause empowers the Governor-General in Council to impose on foreign insurance companies restrictions by law or practice as are imposed on Indian companies transacting insurance business in the country of domicile of the companies concerned. The words used however are that the Governor-General in Council 'may' etc. Thus the taking of action is left to the discretion of the Governor-General in Council. My Committee are of opinion that the element of discretion should be removed and the process of retaliation contemplated in this clause should be automatic. This can be secured by the substitution of the word "shall" for the word "may" referred to above.

Cl. 49 : This clause lays down the particulars to be filed with the Superintendent of Insurance by foreign companies doing business in India. My Committee suggest the addition of the following document to the list prescribed in this regard, viz.:

(*f*) An authorised English translation of the provisions of law in force governing the business of Insurance in that country.

Cl. 50 : It is provided under this clause that foreign insurers should keep books of accounts etc. at their principal offices in British India. My committee wish to recommend that such companies should also be required to file a declaration with the Superintendent of Insurance to the effect that the companies had been transacting insurance business in their own names and issuing policies in

their own names in the country of their establishment. This is rendered necessary, because of instances of companies established in foreign countries which are not doing any business in their own countries, but are doing business in India.

PART III—PROVIDENT SOCIETIES

Cl. 53 : Under this clause a provident society is required specifically to mention the word 'Provident' and is precluded from including the word 'Life' in its name. My Committee wish to suggest that a further restriction precluding the use of the words 'insurance' and 'assurance' from its name is necessary. They suggest that the clause be amended accordingly.

Cl. 55 : This clause prevents the carrying on of any business upon the dividing principle by any provident society. My Committee are of opinion that such a restriction should be placed on all insurance companies and dividing business should not be done even by the insurance companies other than provident companies.

Cl. 63 : This clause provides that in any notice or advertisement etc. of a provident society a statement as to the amount of authorised capital should also be followed by a statement of the amount of capital which has been subscribed and the amount paid up. It is necessary to make an additional provision that such statement should also contain particulars of the issued capital. A similar provision for other insurance companies also is, in the opinion of my Committee, desirable.

Cl. 70 : Investment of Funds—The provision for investment of assets of a Provident Society of not less than 66 per cent in Trust Securities is, in the opinion of my Committee, undually high. In view of the fact that such Societies will have to keep initial deposits and will have to submit themselves for actuarial valuations and also to conform to the various other restrictions provided for in the Bill, they suggest that investment of assets of not less

than 33⅓ per cent in Trust Securities should be deemed sufficient.

Cl. 77 : My Committee suggest that easy conditions facilitating liquidation within the first three years of the commencement of the new Act should be provided.

Cl. 78 (6) : This sub-clause provides that in case of dissolution of a provident society, the sums remaining unclaimed with the Superintendent of Insurance shall become the property of Government within a period of three years. The time allowed is inadequate, and my Committee suggest that the period should be extended to seven years.

Cl. 79 : Assignment and Nomination—The recommendations of my Committee on Clauses 31 and 32 regarding assignments and nomination should apply in the case of provident societies also.

PART IV

Cl. 82 : Penalties for falsifying documents—The provision, as drafted, is too wide and drastic and might sometimes rope in innocent people within the ambit of the offence. My Committee suggest that the clause be altered on the lines of Section 282 of the Indian Companies Act, which reads as under :—

> "Whoever, in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Act, wilfully makes a statement false in any material particular, knowing it to be false, shall be punishable with imprisonment of either description for a term which may extend to three years, and shall also be liable to fine."

Cl. 84 : Services of Notices—Services of such notices should be by Registered Post. The leaving of such notices or sending them by ordinary post, as provided in the clause, will not ensure the receipt of the same by the

proper parties. The proviso to Clause 84 lays down that such notices should also be sent to any persons claiming to be "interested" in a policy. My Committee suggest that the word "interested" is vague and therefore recommend that it should be laid down that notices should be sent to assignees only.

Cl. 86: This clause vests in the Governor-General in Council powers to alter the regulations, requirements, or forms contained in the Schedules in respect of any insurance company. My Committee fear that such powers of relaxation might lead to invidious distinction and create dissatisfaction. Where it is found that such provisions have to be relaxed, the same should be done only with the consent of the Legislature and the discretion vested in the Governor-General in Council under this clause should be done away with.

Cl. 88: Under this clause the Governor-General in Council has discretion to exempt any insurance company or provident society from all or any of the provisions of the Act. The remarks of my Committee on Clause 86 above equally apply in regard to this clause. My Committee therefore suggest that this Clause be deleted.

Post Office Insurance Fund: This Fund at present is seriously competing with private companies whether Proprietary or Mutual carrying on the business of Life insurance. Originally the scope of this Fund was very much restricted both as to the class of persons to whom the membership of the Fund was open and the amount upto which insurance could be undertaken by the Fund. Gradually the scope has been enlarged with the result that now it is open to almost all Government servants and the employees of the State-supervised Institutions and the Fund now undertakes to cover risks on individual lives to extent of Rs. 20,000. The best class of business which an insurer can get is from that class of people whose income is not only big but steady also. Of all employees in this country the class of people to whom the benefits of this Fund are

available constitute the best insuring class. The State by offering these facilities is making an attempt to deprive private enterprise of a good class of business. This Fund enjoys several advantages by the very nature of its constitution and activities. It pays no procuration commission, has to spend nothing on medical examination, employs no special staff for the purpose, and spends nothing on advertising. It is not possible for any private concern which has to do work on business lines to compete with this Fund. In no other country in the world is there such a wide extension of this kind of State Insurance. Unless it is the policy of the Government to make insurance State controlled, it stands to reason that Government should not compete with private enterpries in the matter. Justice and fairness demand that this Fund should be closed and if for any reasons known to Government this Fund has to be continued its scope should be very much restricted. The benefits of this Fund should not be available to persons other than those belonging to lower ranks of Government servants below the Gazetted Officers' Grade and the Fund should not allow insurance for amounts exceeding Rs. 4,000.

SCHEDULES

My Committee are advised that the present Schedules have worked satisfactorily. They do not wish to go into details of the same. They, however, understand that the Insurance Associations are submitting their views on the same, and they would therefore recommend that Government should frame the Schedules in the light of suggestions made by the said Associations.

APPENDIX 59

Insurance Bill and Country Craft Underwriters

Letter No. 2211 dated 13th August 1937 from Chamber to Government of India, Commerce Department.

The attention of the Committee of this Chamber has been drawn to a representation submitted to Government by the Bombay Country Craft Underwriters regarding Insurance Law amending Bill, Bill No. 4 of 1937. It appears that these underwriters are taking marine risks on cargo conveyed by *Padavs*, i. e. country crafts, plying on the coast. The risks they take amount to Rs. 5,000 to Rs. 10,000 per boat, the total of such risks being, according to them, about rupees one crore during the year. It is only likely that a few Insurance Companies have begun to take such risks, but even then, my Committee are informed, such risks are not taken by them after the close of the monsoon and not after 30th April. These underwriters, however, take the risks from the Shravani Poornima, i. e. the time when the *Padavs* begin to ply on the coast and upto 31st May. They are doing a good service to the small traders as well as the country craft people, and if they are not to take these risks it is feared that the small traders and country craft people may suffer greatly. What they contend is that the deposit of Rs. 1,50,000 proposed to be taken from Marine Insurance Companies is too big an amount to be paid by them and they, therefore, pray that they should be allowed to have a deposit only, say of 5,000 to 10,000 rupees.

My Committee sympathise with these Bombay Country Craft Underwriters, though they do not know how any exemption can be given to them from the clause providing for deposit. My Committee hope that the Government of India will be pleased to consider their claims favourably and sympathetically and to see if any lesser deposit can be provided for them.

APPENDIX 61

Insurance Bill—Limitation of life and remuneration of Managing Agents

Telegram dated 9th September 1937 from Chamber to Government of India.

Committee Indian Merchants' Chamber strongly opposed to provisions in Insurance Bill as emerged from Select Committee regarding limitation on period of employment and remuneration to Managing Agents. Committee earnestly recommend extension duration of appointment of Managing Agents to twenty years on lines of corresponding provisions in Indian Companies Act. Committee suggest remuneration to Managing Agents should be governed by provisions analogous Section 87 (C) Indian Companies Act with separate provision to cover case of Life Companies. Committee consider any proposal designed to eliminate shortly system of Managing Agency for insurance business premature and ill-conceived.—Inchambu.

APPENDIX 62

Insurance Bill and the post of Superintendent of Insurance

Letter No. 2785 dated 7th October 1937 from Chamber to Government of India.

The attention of the Committee of this Chamber has been drawn to the following amendment which has been passed by the Indian Legislative Assembly to Clause 2 (12) definitions :

Original :

"(12) 'Superintendent of Insurance' means the officer appointed by the *Central Government* to perform the

duties of the Superintendent of Insurance under this Act."

Amended :

"(12) 'Superintendent of Insurance' means the officer, *who shall be a qualified actuary*, appointed by the Central Government to perform the duties of the Superintendent of Insurance under this Act."

2. My Committee feel that looking to the number and position of Actuaries in the country, this particular amendment will not work well. They also consider that as Superintendent of Insurance, it is not really an actuary who is required, but a man combining in himself knowledge of law and business. An actuary may be appionted as his assistant and technical adviser. The restriction of the post to an actuary is not, therefore, in the best interests of the business of Insurance and may not, my Committee are afraid, secure the right type of men for the post. Under these circumstances, my Committee beg to urge that you will be pleased to have an amendment made in the Council of State proceedings, to secure the removal of the restriction for an actuary to be appointed to the post of Superintendent of Insurance. Looking to the fact that the Superintendent of Insurance will be the principal officer concerned in carrying out the aims and objects of the Insurance Act in actual practice, it is vitally necessary that the above suggestion should be accepted.

APPENDIX 62

Legislation for the Registration of Trade Marks in India

Letter No. 1653/34-2855-B dated 19th March 1937 from Government of Bombay, Political and Reforms Department, to Chamber.

I am directed by the Governor in Council to forward herewith a copy of a memorandum received from the

Government of India in the Commerce Department, on the subject mentioned above, and to request that you will be so good as to communicate to Government, at an early date, any observations (which may kindly be sent *in duplicate*) which your Chamber may desire to make on the proposal with reference to the various points referred to in the memorandum.

Memorandum regarding the proposed Legislation for the Registration of Trade Marks in India

Part I.—History

The question of undertaking legislation for the registration of trade marks in India has, during the past sixty years, been considered at frequent intervals by the Government of India. In 1877 the Bombay Chamber of Commerce and the Millowners' Association suggested that legislation on the lines of the English Statutes of 1875 and 1876 should be undertaken to provide for the registration of trade marks in India. As a result of this suggestion a Bill was introduced by the Government of India in the Imperial Legislative Council in 1879–80 which was eventually withdrawn after both the Bombay Chamber of Commerce and the Millowners' Association had expressed the opinion, on reconsideration, that no legislation was necessary in this respect. This opinion was also endorsed by the Bengal and the Madras Chambers of Commerce and the leading commercial associations in India, all of which considered that legitimate users of trade marks were adequately protected by the existing law and that the enactment of an Indian law on the lines of the English Statutes would involve certain positive disadvantages.

2. The question was again raised in 1884 and 1888 but the Government of India decided not to take any action. In 1891 they also consulted the local Governments and Chambers of Commerce and after considerable discussion it was decided that as the mercantile community was strongly

opposed to the introduction in India of a system of registration analogous to that in force in the United Kingdom it would be inexpedient to introduce it in this country. The question was again referred to the local Governments in 1903–4 when commercial opinion was still found to be opposed to the proposal and the local Governments against its adoption.

3. In 1905, the Conference of Indian and Ceylon Chambers of Commerce passed a resolution to the effect that a universal system of registration of trade marks in this country was neither practicable nor desirable. In the same year, in connection with a memorial from the Association of the Chambers of Commerce of the United Kingdom, the Government of India informed the Secretary of State that the strong and practically unanimous expression of disapproval on the part of local Government and Indian Chambers of Commerce should be accepted as conclusive evidence that a system of trade marks registration was not required in the interests of India and should not be introduced. In 1908, the Association of Chambers of Commerce of the United Kingdom suggested that the opinion of the commercial community in India had undergone a change in favour of registration; and the Government of India again invited the views of the recognised representatives of the mercantile community. All the more important commercial bodies in the country expressed themselves as still opposed to the introduction of a system of registration; and the Government of India saw no reason to modify the views previously expressed that such a system was not required in the interests of India. In 1913, the question was revived by the Wine, Spirit and Beer Association, Calcutta, but after consulting the local Governments and the Bengal Chamber of Commerce the Government of India held that the existing law afforded reasonable protection against the infringement of trade marks and did not require any alteration. The question was considered yet again in 1917–19 in consultation with the local Governments and the various Chambers of Commerce and commercial associations.

The consensus of opinion was against the adoption of any system for the registration of trade marks, the view commonly held by most of the representative commercial bodies in India being that the present laws afforded adequate protection to the user of trade marks.

4. By 1927, however, there was a very considerable change of opinion in commercial circles on this matter, and in that year the Indian Industrial and Commercial Congress adopted a resolution which ran as follows:—

> "This Congress recommends to the Government of India that it is desirable in the interests of Indian trade and industries to introduce at an early date legislation for the registration of trade marks in India in the absence of which Indian merchants are put to considerable hardship both in India and abroad, and India is unable to join the International Convention for the protection of 'Industrial Property'."

The Federation of Indian Chambers of Commerce, which forwarded a copy of this resolution to the Government of India, was informed that the Government of India were not prepared to reopen the matter unless a statement was placed before them indicating clearly the reasons which were held to justify it, and in particular, indicating the extent of the liability from which India suffered owing to her non-adherence to the International Convention for the Protection of Industrial Property, and the advantages which it was believed would result from the introduction of registration of trade marks.

5. The Select Committee of the Legislative Assembly, on the Indian Patents and Designs (Amendment) Bill of 1929 also stated in their report that there was a considerable volume of opinion in favour of introducing a system of registration of trade marks in this country, as the absence of such arrangements was one of the reasons which prevented India from participating in the International Convention for the Protection of Industrial Property, and

India's non-participation affected prejudicially the interests of Indian inventors in foreign countries. Sir George Rainy, then Member for Commerce and Railways, referred in the Legislative Assembly to the correspondence which the Government of India had had with the Federation of Indian Chambers of Commerce with regard to the resolution passed by the Fifth Session of the Indian Industrial and Commercial Congress in 1927, and assured the House that any representation which might be made by the Federation indicating clearly why the question should be reopened would be most fully examined by the Government of India.

6. In 1930 the Federation of Indian Chambers of Commerce submitted a statement explaining the reasons underlying their recommendations. The Federation forwarded with their reply a precis of the opinions of the various commercial bodies whom they had consulted which showed that there was unanimity of opinion for legislation with the exception of the Bombay Millowners' Association, which, though unwilling to oppose any representation being made to Government in favour of the proposed legislation by such bodies as wished to do so, held nevertheless that there was no need for legislation since the owners of trade marks could obtain rapid and ample satisfaction under the provisions of the Merchandise Marks Act and under the common law by proving priority of use.

7. A Resolution in the following terms and moved by the Bombay Chamber of Commerce was also passed by the Associated Chambers of Commerce of India in 1933 :—

> "That in the opinion of this Association the commercial circumstances and conditions of the present time require the enactment of legislation to provide for the registration of trade marks in India in such manner as will give the registered user of any mark the right to an immediate injunction preventing the use of such marks or any colourable imitation thereof by others subject only to proof of prior usage by the defendant in any dispute."

An important constituent Chamber—the Bengal Chamber of Commerce—was still sceptical as to the necessity for the proposed legislation but supported the Resolution.

8. Since then the Government of India have from time to time received communications from commercial bodies all of which have advocated legislation. The present position, therefore, is that nearly all important Indian and European Commercial Chambers are in favour of the establishment of a system of statutory registration of trade marks. In the presence of this unanimity of opinion in favour of such a system the Government have decided that the question should be actively pursued.

Part II.—Advantages and Disadvantages of the Proposal

The arguments against and for the proposed legislation, which have been received from time to time may be summarised as follows:—

1. Even in the absence of statutory registration trade marks are at present protected in India by the Common Law as well as by the Statute Law (the Indian Penal Code, the Sea Customs Act and the Indian Merchandise Marks Act). This protection is afforded by Sections 478 to 489 of the Indian Penal Code amended by the Indian Merchandise Marks Act, 1889, and also by the supplementary provisions of Sections 18, clauses (*d*) and (*e*), 19-A, of the Sea Customs Act, 1878, as amended by the Indian Merchandise Marks Act, 1889, and by Sections 8 and 9 of the latter Act.

The Merchandise Marks Act and the Sea Customs Act contain, however, only penal provisions and do not provide any reliefs by way of injunction, damages or accounts, which are considered to be the best safeguards for giving real and constant protection to the trade. Further, in the absence of a system of statutory registration it is necessary for the plaintiff in an action for infringement to prove the reputed association between his goods and the mark

in question by calling a large number of witnesses and as the defendant is usually a man of no means it is often impossible for the plaintiff to recover the costs even if the claim is decided in his favour. Moreover, success in one suit carries with it no immunity from the obligation of again establishing title over another infringer if the defendant chooses to dispute it. The position as above stated is analogous to that which prevailed in England till the year 1875, and it was in order to remove the shortcomings of the law as it then stood that provision was made for the registration of trade marks by the Trade Marks Registration Act of that year. The existing law in India, therefore, would appear to be inadequate.

2. There are certain systems of registration already in vogue:—

(*a*) It is a common practice for owners of trade marks to register declarations of the ownership of such marks under the Indian Registration Act, 1908, such declaration being entered in a register maintained for the purpose by each Provincial Register of Deeds. The Register is, however, not open to public inspection and the same mark can be registered by more than one person inasmuch as no attempt is made to find out whether declaration has already been registered in respect of the same mark. Moreover, the system of declaration of ownership of marks under the Indian Registration Act, 1908, does not confer on the registrant any title to the mark.

(*b*) Trade marks are also registered with certain Chambers of Commerce.

This system of voluntary registration of a mark, however, conveys the legal rights and is of value only as secondary evidence of the intention of the registrant to bring the mark into use. Such registration also cannot be regarded as the equivalent of statutory registration.

3. India is a large country with a vast population and it has been argued that the difficulties of satisfactory

advertisement throughout the country, which would evidently be a necessary preliminary to registration to safeguard the interests of third parties, are likely to be insurmountable. It has also been contended that marks registered in one part of the country ought not to be enforced in another part.

The difficulties mentioned above are, however, not peculiar to India and have been successfully overcome in other large countries which have trade marks law. These difficulties may be overcome by publishing an official Trade Marks Journal in India, which would be a weekly publication as in other countries available to the public on payment of a nominal subscription. As in the case of patent specifications, the journal could be made available to the public for inspection at various centres in the country. The journal would contain particulars of the parties seeking registration, the mark sought to be registered, the class of goods in respect of which registration is sought, and also such information as would enable third parties to protect their interests. It is also desirable that for the sake of uniformity marks registered in one part of the country should also be enforced in another part and that if it is decided to undertake any legislation there should be a central office to administer the law.

4. An expert staff not locally available, it is said, will be necessary to scrutinise marks prior to registration in order to decide as to their admissibility, and the expenditure involved in establishing the system would be considerable, the burden of which would fall on the commercial community.

The necessary staff, if not available in India, can however be recruited from abroad, and it is presumed that the commercial community, which has been pressing for the legislation, will bear the cost of the scheme. The expenses of the administration will have to be recouped by means of fees leviable for registration and it may be mentioned that with the fees prevalent in the United Kingdom the

cost of such administration does not impose any appreciable burden on the commercial community.

5. Another objection raised is that if trade marks registered in the United Kingdom are deemed to be registered in India as well, there would be some difficulties as the same mark might be the property of one person in the United Kingdom and of another person in India. Further, if it is ruled that all marks, irrespective of their registration in the United Kingdom, were to be registered over again in this country it would involve great trouble and expense to the persons concerned and would also necessitate decisions on complicated questions regarding relative priority of the user. Moreover, there is likely to be a clash of interests of makers in the United Kingdom producing a particular brand and of sellers in India who have been selling it.

The first of these difficulties will not arise if the proposed legislation in India follows the United Kingdom Trade Marks Act, as there would be no question of regarding registration in the United Kingdom as equivalent to registration in India. If the United Kingdom law on the subject is followed there cannot be any question of compulsory registration. Registration under the proposed scheme will merely provide a better method of procedure in infringement suits and will not affect the rights of traders seeking relief under the common law or the statute law existing at present. Registration will be purely voluntary and if a trader does not desire to avail himself of this advantage and is content with the protection which is always available to him under the common law, he will not be required to put himself to the expense of registration, although that would be inconsiderable. Further, if any difficulty attendant on a new scheme does arise it may be overcome by adjustment with experience of a few years.

6. Objections have also been raised on account of the difficulties involved in the registration of textile marks of which quite a considerable number is prevalent in India.

The difficulties are not peculiar to India. The United Kingdom Trade Marks Act contains special provisions for the registration of cotton marks and in this connectian the following recommendation made in a recent Report of the Board of Trade Departmental Committee on the law and practice relating to trade marks (1932) will be of interest:—

> "That the special provisions with regard to cotton marks should be extended to include all textile goods and clothing and amended so as to give applicants for the registration of trade marks for such goods the option of making their applications at the Patent Office in London or at the Manchester Branch; that the consultative capacity of the Trade and Merchandise Marks Committee appointed by the Manchester Chamber of Commerce should be maintained with regard to special circumstances in the cotton trade; and that duplicate sets of registered cotton marks should be prepared and made available for the use of the public and of the official searchers at the London Office."

7. Nearly all the important countries of the world have introduced trade-mark laws of their own and without a system of registration in this country Indian trade marks have no protection in countries abroad. This consideration was not of importance to India when her export trade in manufactured goods was comparatively unimportant, but with the development of her industries it is desirable in the interests of her trade and commerce that provision for the registration of trade marks should be made.

8. The enactment of trade marks legislation would remove the chief difficulty in the way of India's adherence to the International Convention for the Protection of Industrial Property which not only deals with the trade marks but also with Patents and Designs.

9. There is at present no method by which would-be proprietors of trade marks can ascertain what trade-mark rights are already in existence, the trade-mark rights of various

parties being undefined. The absence of a registration Act is thus—

(*a*) a serious handicap to honest traders desirous of placing goods upon the market under a new trade mark;

(*b*) a serious disadvantage to owners of established marks; and

(*c*) the basic cause of infringement of trade-mark rights.

The legislation proposed would—

(*a*) secure the publication of marks which have been appropriated as trade marks;

(*b*) define the rights of proprietors of marks for the information of traders; and

(*c*) limit the classes of marks which are capable of being so appropriated.

10. The difficulties of import merchants are also great in the absence of statutory registration in this country as they are not permitted to register their trade marks in some of the foreign countries from which they import goods. The result is that their marks have often to be registered in those countries in the name of the manufacturers. This places Indian importers not infrequently at the mercy of the foreign manufacturers.

11. A large number of trade marks in use in India are unsuitable as trade marks, and cannot be protected as they are descriptions of the goods or common to the trade. In the present state of industrial development legislative guidance of this matter, apart from statutory protection, will be a great advantage to the commercial community.

Part III.—Broad Outlines of the Proposed Legislation

System of Registration recommended for India.—A consideration of the various systems of trade marks registration will show that the system of registration of Trade

Marks which now prevails in England would be the most suitable for Indian conditions. According to this system, registration is purely voluntary and does not supersede the rights, accruing under common law, on account of prior user. Every trade mark seeking registration is subjected before registration to careful examination for registrability and for anticipation by other trade marks entered in the Trade Marks Register. The marks are advertised after acceptance and an opportunity is provided for any aggrieved person to oppose the registration of the mark. After registration the mark may still be expunged from the Trade Marks Register on an application made to the Registrar or to the Court by any aggrieved person. The British system of registration may be distinguished from other systems of registration obtaining in other parts of the world, such as the 'attributive system' according to which the rights are conferred solely by registration and not by user, and the 'deposit system' according to which registration is secured automatically (no examination being made before registration) and is nothing more than a means for giving notice to the public, of the adoption of the mark by the applicant for registration.

2. The following are the outlines of the proposed legislation, which is to be on the lines of the United Kingdom Trade Marks Act, modified in accordance with the recommendations made in 1934 by the Board of Trade Departmental Committee on the Law and Practice relating to Trade Marks (known as the Goschen Committee for amending the said Acts)—

(i) *Definitions.*—The terms 'Mark' and 'Trade Mark' will have to be carefully defined in the Act. The term 'mark' should include a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof. The term 'trade mark' shall mean a mark used or proposed to be used by the proprietor upon or in physical or other relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the proprietor of the mark and the goods.

(ii) *Register of Trade Marks.*—As in the United Kingdom and elsewhere, the Register of Trade Marks shall be kept at the Patent Office, and shall contain all registered trade marks with the names and addresses of their proprietors, notifications of assignments, and transmissions, disclaimers, conditions, limitations, and such other matters relating to such trade marks as may from time to time be prescribed. If it is decided to keep the Register of Trade Marks at the Patent Office it will be kept under the control and management of the Controller of Patents and Designs, who, for the purposes of the Trade Marks Registration Act, will be referred to as Registrar. Provision will be made for the inspection of the Register and for the supply of certified copies of entries made in the Register.

(iii) *Registrable marks.*—All marks that satisfy the definition of a trade mark, shall not *ipso facto* become registrable. In order to entitle a trade mark to registration, the trade mark must be inherently distinctive. In other words, it must be adapted to distinguish the goods of the proprietor of the trade mark from those of other persons. A registrable trade mark must consist of at least one of the following essential particulars:—

(1) The name of a company, individual or firm represented in a special or particular manner.

(2) The signature of the applicant for registration or some predecessor in his business.

(3) A word or words having no direct reference to the character or quality of the goods and not being a geographical name or surname or Indian vernacular discretionary word or words.

(4) An invented word or words.

(5) An Indian vernacular discretionary word or words having no direct reference to the character, or quality of the article on which it is used, provided that such vernacular word or words is, or are used only in the vernacular.

(6) Other distinctive marks.

A specific provision will be necessary for enabling any special or distinctive word or words, letter, numeral, or combination of letters or numerals which was used as a trade mark by the applicant or his predecessors in business before the date on which legislation will come into force and which has continued to be used (either in its orginal form or with additions or alterations not substantially affecting the identity of the same) down to the date of application for registration, to be registered under the last sub-head.

(iv) *Classes of goods.*—An application for registration of a trade mark shall be for particular goods or class of goods on which the applicant has been using or proposes to use the mark. Such a restriction will be necessary in the Act in order to prevent defensive registration and blocking of the Register which would hamper the freedom of traders in choosing their trade marks. The International Scheme of classification of goods approved at the recent London Conference of the International Union is recommended for the purposes of registration under the Indian Act.

(v) *Restrictions on registration.*—Certain restrictions on registration will be essential. For instance, words which are laudatory, or descriptive of the quality or character of the goods shall be refused registration. No one person shall claim a monopoly of such words, as they may be legitimately required by other traders to describe their goods. Registration shall be refused of surnames of common occurrences, geographical names, words which are common to the trade, and other non-distinctive marks. A provision will also be necessary to refuse registration of marks which are contrary to law or morality or which consist of scandalous designs. Royal arms or other state emblems without sanction from properly constituted authority shall not be registered.

(vi) *Registration of Trade Marks.*—The following procedure may be adopted for registration of Trade Marks :— Before acceptance each application for registration of a trade mark shall be examined for distinctiveness, and a search shall be made in order to find out whether the mark is anticipated by other marks entered in the Trade Marks Register. The Ragistrar may refuse such application or may accept it absolutely or subject to conditions or limitations, and the order of the Registrar refusing the application or imposing conditions or limitations shall be subject to an appeal to Governor-General in Council or to the High Court. After acceptance the mark shall be advertised in the Trade Marks Journal and any aggrieved persons may be permitted to enter on opposition to the registration of the mark. A Trade Mark shall be registered only when it has not been opposed, and the period for notice of opposition has expired, or having been opposed, the opposition has been decided in favour of the applicant. The decision of the Registrar in opposition proceedings will also be subject to an appeal to the Governor-General in Council or the High Court. The mark shall be registered as of the date of the application for registration.

(vii) *Concurrent users.*—Except by an order of the Court, no trade mark shall be registered in respect of any goods or class of goods, which is identical with, or is a colourable imitation of a trade mark belonging to a different proprietor already on the Register with respect to such goods or class of goods.

In case of rival claims to the same or closely similar trade marks in respect of the same description of goods, the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by the Registrar. In case of honest concurrent user the Court may order the registration of the same or nearly identical marks to more than one proprietor, subject to any conditions and limitations as to the mode or place of user or otherwise as the Court may think it right to impose.

(viii) *Assignments.*—As a Trade Mark is a species of industrial property, provision will have to be made in the Trade Marks Act for assignment and transmission of trade mark rights. Under the existing statute and common law in England, as well as under the case law in India, a trade mark cannot be assigned in gross and an assignment of a trade mark can be valid only if it is assigned along with the goodwill of the business in which the mark is used. The requirement for the transfer of the goodwill of the business on the assignment of a trade mark has been felt to be unduly restrictive in the circumstances of modern business and the Goschen Committee in England have therefore recommended that this requirement should be relaxed in the interests of trade. The proposals made by this Committee on the question of assignment shall form the basis of statute law in India. A registered trade mark should be assignable and transmissible in respect of any of the goods for which it is registered, either with or without the goodwill of the business to which it is being used, provided that there does not arise by reason of such assignment or transmission a right for more than one independent proprietor to use the mark for the same goods so as to be likely to cause confusion to the public.

Another recommendation of the Goschen Committee is with regard to the provision of registration of users of registered Trade Marks. The Committee were of opinion "that the trend of modern commercial development requires some relaxation of the existing restrictions on the use of registered trade marks by persons other than the proprietor, and that provision should be made for the registration under proper safeguards of persons authorised by a proprietor to use his registered trade mark." Suitable provision will be made for this purpose also.

(ix) *Associated marks, etc.*—Provision will be made for the registration of Associated marks, i. e., marks which so closely resemble a registered trade mark of the applicant as to cause deception or confusion if used by a person other than the applicant. Associated trade marks shall be

assignable or transmissible only as a whole and not separately. Provision will also be made for the registration of combined trade marks and series of trade marks on the lines of Sections 25 and 26 of the English Act of 1905.

(x) *Duration and Renewal of registration.*—The first period of registration will be for 7 years. This is in accordance with the recommendations of the Goschen Committee, and provision will be made for the 'renewal' of registration for a period of 14 years from the original expiration or of the last renewal of registration as the case may be. If registration is not duly renewed, the Registrar after giving due notice to the registered proprietor, will remove the trade mark from the Register, subject to such conditions as to its restoration in the Register, as may be prescribed.

(xi) *Correction, etc.*—Suitable provisions will be necessary for correction and rectification of the Register; for the amendment of the mark without substantially affecting its identity; for the registration of assignments, etc.; for the removal of the mark on the ground that it was registered without any bona fide intention to use the same or on the ground of non-user.

(xii) *Effect of registration.*—(*a*) Rights of the proprietor of a registered mark: The registration of a person as proprietor of a trade mark shall, if valid, entitle such person to the exclusive right to the use of such trade mark upon or in connection with such goods in respect of which it is registered. Where two or more persons having the right of concurrent user are registered as the proprietors of the same trade mark in respect of the same goods, such exclusive right to use the mark cannot be claimed by any of them as against any of the other concurrent users.

(*b*) Registration to be *prima facie* evidence of validity and ownership of the mark. In all legal proceedings relating to a registered trade mark the fact that a person has been registered in the Trade Marks Register as the proprietor of the trade mark shall be *prima facie* evidence of his title to the trade mark and of the validity of the original

registration of such mark and of all subsequent assignments and transmission of the mark. After the expiration of five years from the date of original registration such evidence shall be conclusive. The exceptions to this general rule shall be (1) where the original registration was obtained by fraud, or (2) where the trade mark is likely to deceive, or (3) where the mark is otherwise disentitled to protection in a court, or (4) where the mark is contrary to law or morality, or (5) where the mark comprises any scandalous design.

(*c*) Rights of owners of unregistered trade marks: A suit for injunction and damages as provided under the Trade Marks Act shall not be instituted in respect of an unregistered trade mark unless such mark had already been in use at the time of the passing of the Act and has been refused registration under the Act. Provision may be made for the issue of certificates to this effect by the Registrar in the case of old marks.

Nothing in the Act shall be deemed to affect the existing rights of trade marks owners under the common law. The right to an action for passing off and the remedies in respect thereof under the common law shall not be affected by registration.

(xiii) *Special trade marks.*—Special provisions as in the United Kingdom Act, will be made for the registration and assignment of "Certification marks". As regards "Cotton marks", it will be provided that letters and numerals shall be ineligible for registration except on clear evidence of acquired distinctiveness, and that line headings shall not be deemed to be distinctive in respect of such goods for purposes of registration.

(xiv) *Legal proceedings.*—Suitable provision will be made for granting certificates of validity in legal proceedings. Where such certificates have been granted, in any subsequent legal proceeding in which such validity comes into question, the proprietor of the said mark on obtaining a final order or judgment in his favour, shall have his full

costs, charges, and expenses as between solicitor and client, unless in such subsequent proceedings the Court certifies that he ought not to have the same.

(xv) *General.*—Suitable provisions will be made for defining the powers of the Registrar and the Governor-General in Council; for payment of fees; for "Reciprocal arrangements" with other countries; for defining and dealing with offences under the Act; and for prescribing Rules under the Act.

Letter No. 1607 dated 3rd June 1937 from Chamber to Government of Bombay.

With reference to your letter of the 19th March 1937, No. 1653/34-2855-B, I am directed by the Committee of this Chamber to send to you their views hereby on the above subject as under:—

My Committee have considered this reference fully. They have in the past on various occasions pressed on the authorities the need for legislation for registration of Trade Marks in the country, and are glad that Government are now actively pursuing this question. The broad outlines of the proposed legislation contained in Part III of Government Memorandum meet with the general approval of my Committee. They wish, however, to make one additional suggestion. It is contemplated that the main Register should be kept at Calcutta in the Patent Office. My Committee were inclined to suggest the keeping of copies of such Register in all the cities of commercial importance in this country. Having regard, however, to the fact that the same will entail additional expenditure for organisation etc., they do not wish to press the suggestion. They would, however, like to recommend that arrangements should be made for a complete file of the proposed Trade Marks Journal being kept at some Government Office in all the cities of commercial importance and being made available for inspection, as otherwise considerable inconvenience would be felt by the public and applicants for registration of marks in getting the necessary information from Calcutta.

Such a file would enable them to find out readily the records of existing Trade Marks. My Committee would also suggest that such a Trade Marks Journal should be sent, free of charge, to all the Chambers of Commerce in the country, so that similar information may be had from the offices of such Chambers.

APPENDIX 63

Revision of the Indian Merchandise Marks Act

Letter No. 1644/34-B *dated* 15*th March* 1937 *from Government of Bombay, Political and Reforms Department, to Chamber.*

I am directed by the Governor in Council to forward herewith a copy of Government Resolution No. 1644/34-B, dated the 15th March 1937 (*not printed*), regarding the revision of the Indian Merchandise Marks Act 1889, and to request that you will be so good as to communicate to Government, at an early date, any observations (which may kindly be sent *in duplicate*) which your Chamber may desire to make in respect thereof.

Letter No. 404(1)Tr. (I.E.R.) *dated* 19*th February* 1937 *from Governmrnt of India, Commerce Department, to Provincial Governments.*

I am directed to address you on the question of the revision of the Indian Merchandise Marks Act, 1889, so as to make the marking of the country of origin on foreign goods imported into British India compulsory. This matter has been engaging the attention of the Government of India for some time and after careful consideration they have arrived at the conclusion that a change in the law is essential. The past history of the case as well as the lines on which it is proposed to amend the law are explained in the Memorandum sent herewith.

2. I am to request that the Government of India may be furnished at an early date with the views of His Excellency the Governor in Council upon the proposals contained in the Memorandum after consulation with such of the commercial interests as His Excellency deems desirable.

Memorandum

The Indian Merchandise Marks Act, 1889, which is based on the English Merchandise Marks Act of 1887, is directed to the suppression of false marking of goods and does not require a positive statement of their actual origin except in the case of goods which bear a false or misleading indication. The position thus is that the marking of the country of origin on imported goods is not generally compulsory under the Act. It is only compulsory when the trade mark or other mark on the goods or their trade description raises a supposition that such goods are the product of some country other than that in which they are actually made.

2. The question of amending the Act so as to make the marking of origin on foreign goods compulsory was mooted in 1916-17; the opinion of local Governments and commercial bodies was invited on it. The replies received showed that although opinion was divided, the more important commercial bodies and the maritime local Governments were in favour of a change in the law. In March 1917 the Conference of All-India Chambers of Commerce resolved that where practicable all foreign goods should bear a clear indication of origin and beyond that no alteration in the existing law was necessary. The Government of India after taking into consideration all shades of opinion, came to the conclusion that there were some disadvantages in the existing law which allowed foreign manufacturers the option of advertising the origin of their goods where it was to their advantage to do so, while at the same time giving them the opportunity, when it suited them, of concealing that origin. They decided, however, to postpone further consideration of the matter as His Majesty's Government

in the U.K. were at the time considering the amendment of the corresponding law in the United Kingdom. The English Merchandise Marks Law was amended in 1926, and provision was made *inter alia* for making, after due inquiry, of orders that certain imported goods should bear indication of origin, as prescribed, at the time of importation or when exposed for sale—*cf.* Section 2 of the Merchandise Marks Act, 1926.

3. In India in the meanwhile the question had continued to receive some attention by the introduction of or declared intention to introduce unofficial Bills on the subject in the Legislative Assembly. In 1923 Mr. Manmohandas Ramji, a member of the Legislative Assembly, gave notice of his intention to introduce a Bill with the object of requiring the place and country of origin to be indicated in large and conspicuous letters on all goods imported into British India. The Bill was not introduced. Again in 1924 Sir Purshotamdas Thakurdas signified his intention of introducing a similar Bill, but he did not proceed further. In 1926 Mr. Neogy came forward with a Bill which sought in substance to amend the Indian Merchandise Marks Act so as to empower the Governor-General in Council to prescribe by notification the classes of goods brought into British India to which a trade description giving the place or country in which they were made or produced should be applied at the time of importation or sale. The Bill was introduced in the Legislative Assembly in February 1927 and was circulated for opinion in February 1928. The replies received were on the whole favourable to the proposal to authorise the Governor-General in Council to notify the classes of goods which must, on importation, be marked with the name of the country of origin at the time of importation, but there was almost unanimous opposition to any provision for goods being so marked at the time of sale on the ground that it would be practically impossible to enforce such a provision. The Government of India also held the view that legislation to enforce marking at the time of sale would be largely infructuous. This view was

later endorsed in 1930 by the Select Committee of the Legislative Assembly to which Mr. Neogy's Bill was referred. There is always a difficulty in this country when it is proposed to lay down elaborate regulations as to the conditions to be observed at the time of sale. It is easy enough to enforce any regulations that are thought suitable at the time of importation because the machinery of the Customs Administration can be utilised to give effect to them. But the practical difficulties attending the enforcement of any regulation requiring that goods should, at the time of sale, bear a mark showing the country in which they were manufactured are practically insuperable.

4. Mr. Neogy's Bill as it emerged from the Select Committee sought to authorise the Governor-General in Council to notify classes of goods which must, at the time of importation, be marked with the name of the country of origin, this power being subject to the qualifications that no notification shall be made—

(*a*) unless an application that it be made has been presented to the Governor-General in Council by a person or association substantially interested in the manufacture or production in British India of the class of goods specified;

(*b*) until after such inquiry as the Governor-General in Council may deem requisite; and

(*c*) until a draft notification has been published and dealt with in the manner prescribed in Section 23 of the General Clauses Act, 1897, as if it were a rule to be made subject to previous publication.

5. In 1930, on the dissolution of the Legislative Assembly the Bill lapsed and no attempt has since been made to revive the Bill or to introduce any other non-official Bill on the subject in the Legislative Assembly. But the Government of India have from time to time been receiving representations from commercial interests etc. on the subject of the amendment of the Indian Merchandise Marks

Law. The proposal received has generally been that all imported goods should compulsorily bear the mark of the country of origin. This seems to ignore the fact that apart from the very difficult task which such a requirement would impose on the Customs Administration it would interfere seriously with legitimate trade. There are classes of goods (for instance, sugar, salt, bulk oil, etc.) which do not permit of the marking of the country of origin, while the value of some goods, for example, jewellery, gold thread, silk dresses, etc. would be seriously affected if the marking of their country of origin was insisted upon. Again, there are classes of manufactured articles imported from abroad which are not manufactured in India and the marking of such articles would not afford any protection to the manufacturers or consumers in India—an object which the proposed legislation seeks to achieve. Some of the commercial bodies have also raised the question of withdrawal of certain privileges now enjoyed under the Indian Merchandise Marks Act by goods imported from the United Kingdom. The existing law does not require the marking of the country of origin in respect of goods made or produced in the United Kingdom bearing the name or trade marks of British Indian traders or dealers—*cf.* Section 18 (*e*) of the Sea Customs Act and Section 10 of the Indian Merchandise Marks Act.

6. The Government of India are of opinion that a change in the Merchandise Marks law of the country is necessary and that the question should now be actively pursued. Their provisional conclusions are that legislation might be on the following main lines, namely :—

(i) That the Governor-General in Council may be empowered to prescribe by notification in each case, after such enquiry as he may deem fit, that certain specific goods at the time of import bear an indication of the country of origin. No such provision is to be made to cover goods at the time of sale.

(ii) That where marking of goods is compulsory it may be prescribed that not only the goods but also the parts of the goods imported as well as packages or containers should bear mark of origin such marking being indelible where practicable.

(iii) That no distinction should be made between goods produced or manufactured in the Indian States and goods produced or manufactured in British India and the regulations should apply only to goods made or produced beyond the limits of India.

(iv) That the regulations should also apply, where necessary to goods in transit through India to a foreign country.

(v) That in order to facilitate the identification of the country of origin in the counter-indication required by the proviso to Section 18 (*e*) of the Sea Customs Act, 1879, the words "or if such language and character are those used in any country outside Asia, in the English language" be added to proviso (ii).

(vi) That the special privilege under the present Act whereby the United Kingdom goods bearing the marks of British Indian firms or dealers need not be marked with an indication of origin may be withdrawn.

(vii) That to deal with the fraudulent practice now prevalent in the case of some articles which, by the affixation of loose transfers, are represented to be of an origin or manufacture different to their actual origin or manufacture, it may be made an offence to import, deal in or possess a transfer, label, etc. with the intention of applying the same or with reason to believe that the same is intended to be applied to substantive goods of which, when affixed thereto, it will constitute a false description.

Letter No. 1606 *dated 3rd June* 1937 *from Chamber to Government of Bombay.*

With reference to your letter of the 15th March 1937, No. 1644/34-B, I am directed to send to you hereby the views of the Committee of this Chamber regarding the above subject.

My Committee have considered this reference carefully. The main proposals of Government are that the Indian Merchandise Marks Act be amended so as to empower the Governor-General in Council to prescribe by notification (1) that certain specific goods should at the time of importation bear indication of the country of origin and that parts of such goods imported as well as packages or containers should also bear such marks of origin, and (2) that the special privilege under the present Act where United Kingdom goods bearing the marks of British Indian firms or dealers need not be marked with an indication of origin be withdrawn.

My Committee have all along urged upon Government the need for all imported goods bearing clearly indication of the country of origin. They, therefore, welcome the present proposal to amend the law. The proposal of Government, however, is that the Governor-General in Council should prescribe the goods or articles which should bear such indication of origin. In the opinion of my Committee, the law should be changed so as to make it obligatory on all imported goods being marked with country of origin. They however recognise that certain goods by their very nature such as sugar, salt, bulk oil, jewellery, gold thread, silk dresses, etc., cannot be so marked. To meet this difficulty, provision may be made to the effect that the Governor-General in Council be empowered to exempt such classes of goods from the obligation to mark the country of origin. The difference between Government proposal and the recommendation of my Committee is that instead of empowering the Governor-General in Council to issue a list of goods to be so marked, he should be only empowered to issue a list

of exceptions, the provision of the Law being that all goods other than those so excepted be required to indicate the mark of origin.

My Committee also beg to make an additional suggestion. In the year 1930, Mr. B. Das, a member of the Indian Legislative Assembly, introduced in that Assembly a Bill to prevent the use of pictures of gods and goddesses etc. as marks or trade marks on any article imported into or manufactured in India. At that time, my Committee accepted the principle of the Bill. The Bill in question however lapsed and nothing further was done in the matter. My Committee now beg to suggest the desirability of adding a provision in the Merchandise Marks Act to prevent the use of such pictures of gods and goddesses etc. as marks or trade marks on any article imported into or manufactured in India. The use of such pictures of gods and goddesses is repugnant to Indian religious sentiment, and when the law is being amended, it is necessary that this question should also receive attention.

APPENDIX 64

Marks of Country of Origin on imported goods

Letter No. 3291 *dated* 3*rd November* 1937 *from Chamber to Government of India, Commerce Department.*

Messrs. Sarabhai & Co., a member of this Chamber, have forwarded to my Committee copies of their letters dated 6th, 7th, 19th, 27th and 29th October, 193?, addressed to the Central Board of Revenue in the matter of imports of electric torches made in Hongkong (China) without any marks indicating the country of origin. The facts of the case, briefly stated, are as under :—

The National Carbon Co., Ltd., of America, are the manufacturers of electric torches of the trade mark and description "Eveready". The said torches made in U.S.A.

seem to enjoy a good reputation in the Indian market. In order, however, to compete successfully with other brands of foreign torches, the same company have recently got manufactured in Hongkong (China) torches similar in form and design to the "Eveready" American make, with the trade mark "Eveready" impressed on them ; but without any indication of the country of origin. It is feared, and reasonably so, that the Hongkong product, by its similarity in design and by the identity in the trade mark, raises a presumption in the minds of unwary purchasers that the same is of American origin. If the facts, as reported, are correct, it is a clear case of an ingenious evasion of the requirements of the Merchandise Marks law of the country.

Under the Indian Merchandise Marks Act, 1889, which is mainly directed to the suppression of false marking on goods, a positive statement of the country of origin is not required "except in the case of goods which bear a false or misleading indication". The position thus is, in the words of Government, *vide* their letter No. 404(1)Tr. (I.E.R), dated 19th February addressed to local Governments "that the marking of country of origin on imported goods is not generally compulsory under the Act. It is only compulsory when the trade mark or other mark on the goods or their trade description, raises a supposition that such goods are the product of some country other than that in which they are actually made." In this particular case, although the marking in question "raises a supposition that such goods are the products of some country other than that in which they are actually made", it is doubtful if any action under the Merchandise Marks Act will be possible, having regard to the fact that the name or trade mark of any manufacturer in United Kingdom or British India is not infringed and having regard to the fact that the common ownership of both the makes removes the necessary idgredients for an offence of false trade description or counterfeit mark.

Even if the action in question is not an infringement of the law as it stands, it is necessary to protect the

consumers from such questionable practices, and my Committee request that Government should examine the matter and take such action as they consider is possible. My Committee are aware that Government are already contemplating an amendment of the Merchandise Marks Act and instances like this strengthen their demand for a positive provision in the law for all imported goods to bear a clear indication of the country of origin. If no interim action is possible, my Committee would urge that Government should expedite the amendment of the Merchandise Marks law on lines indicated in this Office letter No. 1606, dated 3rd June, 1937.

APPENDIX 65

Bill to amend Law of Evidence in respect of Commercial documents

(NOTE.—The Bill is not printed but can be referred in File R. 62 of 1937.)

Letter No. 9242/3-B dated 1st June 1937 from Government of Bombay, Home Department, to Chamber.

I am directed to forward herewith a copy of Government Resolution No. 9242/3, dated this day, and of its accompaniments (*not printed*), and to request you to favour Government with the opinion of the Indian Merchants' Chamber on the provisions of the Bill to amend the Law of Evidence with respect to certain commercial documents by the 1st July 1937.

Letter No. 1856 dated 3rd July 1937 from Chamber to Government of Bombay.

I am directed to refer to your letter No. 9242/3-B of the 1st June 1937 and in reply to communicate to you herewith the views of my Committee on the above question.

In the year 1932 the Government of India had invited the opinion of my Committee on a proposal for the amendment of the Law of Evidence, with a view to make certain commercial documents being admissible in evidence without formal proof. They had on that occasion accepted in principle the need for such a revision of the Law of Evidence. They, therefore, now welcome the present Bill and support the same.

With regard to the documents proposed to be placed on the schedule they have the following suggestions to make :—

Item No. 8 viz., General Average Statement prepared by an Average Adjustor employed by the Marine Insurance Co.

In the opinion of my Committee such a statement prepared by an Average Adjustor appointed by *any* Marine Insurance Co., should not be deemed sufficient for the same being accepted as *prima facie* correct. The Marine Insurance Co. concerned should be interested in the risk in respect of which such a General Average Statement is prepared. My Committee, therefore, suggest the addition of the following words viz., "interested in the matter" at the end of item No. 8 as it stands.

Item No. 38 viz., Printed Copy of the Memorandum and Articles of Association of a company registered under the Indian Companies' Act, 1913.

The printed copies of the Memorandum and Articles of Association of a company to be so admitted should be certified as true and correct by the principal officer of the company. The item may, therefore, be amended so as to make it clear that only such certified copies would be acceptable.

My Committee hope that Government will be pleased to incorporate the above suggestions in the Bill.

APPENDIX 66

Cotton Ginning & Pressing Factories Act—Extension to other parts

Letter No. 2782 dated 28th January 1937 from Indian Central Cotton Committee to Chamber.

I have the honour to state that the Indian Central Cotton Committee at its meeting held in August last considered the question of the application of the Cotton Ginning and Pressing Factories (Bombay Amendment) Act to parts of the Bombay Presidency and expressed the view that the Act should be extended to the districts of East and West Khandesh particularly in view of the fact that the Central Provinces Government had also recently passed similar legislation. Another reason for recommending the extension of the Act to the Khandesh Districts was the prevalence in those districts of the malpractice of mixing cotton waste, milly fly, etc. with good cotton. In compliance with the decision of the Committee, the Government of Bombay were addressed and requested to apply the Cotton Ginning and Pressing Factories (Bombay Amendmend) Act to the East and West Khandesh Districts as soon as possible.

2. The question of applying the provisions of the Act to other parts of the Bombay Presidency was taken up for consideration by my Local Sub-Committee at its meeting held on the 8th January 1937 and it was decided that before any recommendation was made to the Bombay Government, the views of trade bodies concerned and the Director of Agriculture, Bombay Presidency, should first be obtained. As the Cotton Ginning and Pressing Factories (Bombay Amendment) Act was passed primarily with the object of suppressing malpractices in cotton ginning and pressing factories, the guiding principle in arriving at a decision regarding the further areas to which the Act should be applied should be the prevalence of malpractices to an appreciable degree in those areas. A copy of the Act in question is enclosed herewith for ready reference. I am now

to request you kindly to forward to my Committee, at an early date, the views of your Chamber on the above subject.

Letter No. 635 *dated* 5*th March* 1937 *from Chamber to the Central Cotton Committee.*

With reference to your letter of the 28th January 1937, No. 2782, I am directed to inform you that the Committee of this Chamber are in favour of your Committee recommending to Government an early extension of the Act to other parts of the Presidency, as they understand that you have already recommended its extension to East and West Khandesh Districts. They also urge that the extension of the Act both to the Khandesh Districts and other parts of the Presidency should be done as soon as possible to put an end to the malpractices.

APPENDIX 67

Bill to regulate the imports of drugs

(NOTE.—The Bill is not printed here; but can be referred to in Chamber's File R. 118 for 1937.)

Letter No. S-66(11)/*B dated* 10*th November* 1937 *from Surgeon General with the Government of Bombay to Chamber.*

Under instructions from the Government of Bombay I have the honour to forward herewith a copy of the draft Bill to "regulate the import into British India of drugs and medicines" and to request that you will be so good as to furnish this office with the views in duplicate of your Chamber on the draft Bill *before* 28*th November* 1937 for submission to Government.

2. A copy of letter No. F.54-10/37-H, dated 18th October 1937, from the Government of India, Department of Education, Health and Lands to all Provincial Governments and Administrators accompanies.

Letter No. F.54-10/37-H dated 18th October 1937 from Government of India, Department of Education, Health and Lands, to Provincial Governments.

I am directed to forward a copy of a Bill to regulate the import into British India of drugs and medicines which was introduced in the Central Legislative Assembly on the 23rd August, 1937, and a copy of the undertaking given by Sir Girja Shankar Bajpai in the course of the discussions. The Government of India would be glad if the Provincial Government / you would obtain on the Bill the views of such bodies as they / you may think it advisable to consult and communicate them to the Central Government not later than 15th January, 1938.

* * * *

Extract from the speech of Sir Girja Shanker Bajpai in the course of the discussion.

We shall meanwhile circulate the Bill to the trade for its observations and if, in the light of the opinions which we receive by the time the Select Committee meets, that Committee still feels that witnesses ought to be examined, it will be for them to decide that the trade should have that opportunity of examining the operation of this Bill.

* * * *

Letter No. 3378 dated 9th December 1937 from Chamber to Surgeon General.

With further reference to your letter No. S-66(11)/B, dated the 10th November 1937, I am directed by my Committee to send hereby their views on the Bill to regulate the imports into British India of drugs and medicines.

2. The Bill deals with the question of controlling the imports of foreign drugs with a view to maintaining proper standards. The Committee of this Chamber, along with various commercial bodies in the country, had in the past

asked for such a control. They, therefore, welcome the present Bill.

3. The proposed legislation, however, will extend only to British India. In order that the object underlying this measure may be effectively achieved, it is necessary that imports of drugs and medicines into Indian States should also be similarly controlled. My Committee, therefore, suggest that the Government of India should recommend to the Indian States the need for passing similar legislation in their respective territories.

4. Again, the Bill seeks to control only the import of drugs and medicines. Similar control in respect of manufacture, sale, etc. of drugs and medicines within the country is also necessary. My Committee realise that this matter is within the legislative sphere of the Provinces. My Committee would, however, suggest that the Government of India should recommend to all the Provincial Governments the desirability of having necessary provincial legislations in the matter.

5. My Committee wish to make the following suggestions on the provisions of the Bill as drafted:

Clause 3 : They suggest that the licences to be issued under this Clause should be comprehensive and consolidated, covering all the preparations imported by an individual or a firm; there should be no need for separate licences for each and every individual item of import.

My Committee note that the terms and scope of the licences to be issued are to be prescribed by the rules to be framed under the Act. They request that before the rules are finally framed, bodies like this Chamber should be afforded an opportunity of going through the draft rules and making suggestions on the same.

Cl. 6 (2) (k): Under this sub-clause, the Central Government is authorised to make rules requiring "that the name of any drug shall be conspicuously printed on the label or wrapper of any patent or proprietary medicine containing

the drug". It is necessary to extend the scope of this requirement so far as patent or proprietary medicines the formula of which is disclosed is concerned, so as to make it obligatory that full particulars including the proportion of the ingredients contained in the medicines should be printed on the label or wrapper.

Cl. 7: Under this clause for the first offence a penalty of a fine not exceeding Rs. 500 and for subsequent offences a penalty of a fine not exceeding Rs. 1,000 are prescribed. In order to achieve the object underlying the Bill, in the opinion of my Committee, the punishment should be more deterrent. They, therefore, suggest that for the first and the second offences penalties of a fine not exceeding Rs. 500 and Rs. 1,000, respectively, be fixed ; but for subsequent offences a punishment of imprisonment should be prescribed.

6. My Committee hope that Government will be pleased to accept their above suggestions and make the necessary changes in the Bill.

APPENDIX 68

Watering of Cotton

Letter No. 2019 dated 24th July 1937 from Chamber to Mr. Chandulal P. Parikh

I am sending you herewith a copy of a letter received from Messrs. Karsandas Narandas on the subject of watering of cotton. This matter was considered by the Committee at their last meeting.

As you know the Cotton Ginning and Pressing Factories Act has for one of its objects the prevention of such abuses like watering of cotton. This Act was made applicable in the first instance, only to Sind and Government have now decided to extend its operations to Khandesh

also. The Committee would like to have an idea of the results achieved by the provisions of this Act, particularly its effect in eliminating the practice of watering of cotton.

You will kindly ascertain from the Indian Central Cotton Committee as to how far, in their opinion, the Act, at least in the area to which the same applies, has tended to check the abuse of watering of cotton.

Letter dated 12th July 1937 from Messrs. Karsandas Narandas to Chamber.

You are aware of the pernicious practice both amongst the Cotton Exporters and Indian Merchants in Mofussil, to pour water freely on the cotton boras before the cotton is being pressed simply for gaining advantage in weight.

There is practically very little change in the quality of such cotton during the first month and at times staple of rough cotton shows a slight improvement in smoothness and silkiness. But this improvement is quite insignificant and entirely to be discounted as after a month the quality of such water-poured cotton begins rapidly to deteriorate and when the cotton bale is opened, the cotton is found to contain free yellow stains and water damaged patches.

Naturally, those merchants who deal in such cotton are anxious to sell same at the earliest opportunity for gaining advantage in weight of moisture and that the quality may not show signs of deterioration. You know, cotton is the most sensitive market, and at the time of big fluctuations there is more pressure from these merchants all round, and they actually dump such inferior cotton on the market with the result that the trade suffers more than it ought to suffer and in the long run the farmers have to suffer. Those merchants who hold stock of dry cotton are also the sufferers. Also consumers, whether in India or outside, have to bear losses caused by water-mixed cotton, as there is a loss in weight, the fibre becomes

weak and there is more loss in cleaning process, compared with the dry cotton. All the causes effect in low prices to the farmers.

From what we have written here, you will find that owing to low prices prevailing for cotton for the last many years, the real sufferer is the agriculturist class, and he is in fact the backbone of the trade. If you be successful in eliminating the evil practice of pouring water on cotton, it will go a long way in improving the lot of the farmers and trade as well. H.H. the Nizam's Government have strictly prohibited using water on cotton.

We know you have a genuine interest for the welfare of the farmers and you might be trying hard in this direction. We would, therefore, feel obliged and be pleased to learn what steps you had taken in the prevention of pouring water on cotton. It is just possible that you may intend to take any such action. If so, please write us in what direction you wish to act.

Letter dated 6th August 1937 from Mr. Chandulal Parikh to Chamber.

I am in receipt of your letter of the 24th ultimo, along with the copy of the letter of Messrs. Karsandas Narandas.

The Cotton Ginning and Pressing Factories Act was passed and at that time it was meant to be applied to Sind. But since then, Sind has been separated, and the application of the Act to Sind has therefore been postponed.

The Government are applying this Act to Khandesh and its operation has to be watched. The Rules under the Act are not still completed by the Government as I learnt from the Secretary of the Indian Central Cotton Committee.

As the application of the Act had not been in force even in Sind, nothing has to be said as regards the check on the abuse of watering. The Khandesh Season is opening after above six weeks.

I am also anxious about this abuse, and am watching the effects of the Act.

APPENDIX 69

Stamping Charges under the Bombay Weights and Measures Act

Letter No. 1906 *dated* 12*th July* 1937 *from Chamber to Government of Bombay, General Department*

The attention of my Committee has been drawn to the Notification No. 1907/33 dated 4th July 1937 regarding changes proposed in the charges to be leivied for verifying and stamping weights and measures under Rule 124 of the Bombay Weights and Measures Rules, 1934. My Committee have gone through the draft table and find that the charges proposed are substantially the same as those prevailing under the existing table. Government are aware that when the draft rules were published in the year 1933 several representations were made to Government to the effect that the scale of fees proposed for purposes of stamping and verification was very high and would press heavily on the mercantile community. In their letter No. 3000 dated 28th November 1933 addressed to the Government of Bombay, my Committee observed as under :—

> "Rule No. 124 provides for the stamping of weights, measures and scales and lays down a scale of fees for the same. These fees are, in the opinion of my Committee, very exorbitant, their percenatge to the actual cost of these being sometimes 100 per cent and even more. These exorbitant fees will press heavily upon the poor traders and their incidence will ultimately fall upon the public in general. My Committee, therefore, request that there should be a substantial reduction made in the scale of charges for stamping."

It would appear that Government themselves realised the force of the public criticism on this score and the press-note No. 212/33 dated 25th September, taking note of the public feeling in the matter seemed almost inclined to hold out a promise of a revision of the charges in due

course. It is, therefore, very disappointing that in suggesting changes in the scale of charges Government have paid no heed to such public representations and have not accepted the reasonable demands of the trade for recognising and meeting their difficulties. As pointed out by my Committee these charges are in some cases more than 100 per cent of even the cost of the weights or measures concerned.

Moreover, the limits of error to be allowed on verification in respect of such weights and measures are conceived and framed on a basis which cannot at all be considered to be liberal and it often happens that a merchant has to change twice or thrice even during the course of one year, due to damages caused in handling, some of the weights or measures, thus incurring more than double expenditure in stamping etc., in a year.

The Associations representing trades which are concerned with the handling of these weights and measures in large numbers have made strong representations to my Committee that their grievances require sympathetic attention from Government and that instead of foisting on the trade the existing high scale of charges, Government should agree to substantial reduction in the same. While, therefore, the question of revising the table is under the consideration of Government, my Committe wish to press on the attention of the authorities the extent of the feeling among the commercial community in regard to the need for reducing these charges and to urge that Government should treat this matter sympathetically and agree to effect substantial reductions in the scale of charges proposed.

Another direction in which the weights and measures rules require to be immediately amended is in the matter of the tests prescribed for verifying the sensitiveness of beam scales. Complaints have been made to my Committee that these tests are very rigorous and that the same require to be relaxed by providing for greater margin in this regard. After all such scales are mainly intended

for weighing commercial commodities and not articles of great value like gold or silver where a negligible difference in weight might involve a material difference in the cost. The object of the Weights and Measures Act would not be frustrated by prescribing a more reasonable margin in regard to testing the sensitiveness of such scales. My Committee, therefore, wish to suggest that the occasion of the present amendment of the Weights and Measures Rules may be taken advantage of to effect an amendment of the Rules in this direction also.

In this connection my Committee would also like to suggest that the charges for stamping weighing instruments are also very high. While considering the question of revising the charges for stamping weights etc., it is desirable the question of charges for stamping weighing machines should be considered with a view to substantial reductions in the same.

Government have invited objections and suggestions regarding the amendment before 10th July. The time allowed for the purpose is short and my Committee suggest that the same be extended till 10th August 1937. There is no particular hurry in making a final decision in the matter and every opportunity should be given to all the sections of the trade affected by the rules to submit their views and suggestions.

APPENDIX 70

Workmen's Compensation Act—Amendment of

Letter No. 128 *dated 8th January* 1937 *from the Commissioner of Labour, Bombay, to Chamber*

I am directed to forward for your information a copy of the Government of India Department of Industries and Labour, Letter No. L-3062 dated the 18th December 1936 with its enclosures on the above subject and to request

you to favour Government with the views of your Chamber on each of the several clauses of the Bill.

2. I shall be glad if you will kindly arrange to send in your reply at an early date, at any rate not later than the 15th February 1937.

Letter No. L-3062 dated 18th December 1936 from the Government of India, Department of Industries and Labour, to all Provincial Governments

I am directed to say that the Government of India have had under consideration the question of a further amendment of the Workmen's Compensation Act with a view to removing certain minor defects and difficulties which have been brought to light by the rulings of the High Courts in India or by experience of the working of the Act. Their proposals are embodied in the enclosed (*not printed*) draft Bill. The reasons for the amendments are explained in the memorandum annexed to the draft.

2. The Government of India will be glad to be furnished with an expression of the opinion of the Local Government on the provisions of the Bill, and with the opinions of such elected officers and interests concerned as the Governor in Council may think fit to consult. The Government of India are anxious that the Bill should receive wide publicity and that they may be placed in possession of fully representative opinions. Their intention is to introduce the Bill in the Legislative Assembly after making any modifications which may be rendered necessary in the light of the criticisms received.

3. I am to request that the opinions asked for may kindly be sent to this Department in duplicate not later than the 1st April 1937.

4. The Government of India are consulting the Government of Burma as to the advisability of proceeding with the amendments to section 35 of the Act which are proposed in clause 11 of the Bill, in the ensuing Delhi Session

of the Legislative Assembly, so that Burma may have identical legislative and reciprocal arrangements with India immediately on separation. In view of the possibility of the introduction of a short Bill on the lines of clause 11 of the Bill now in draft before April 1st, I am to suggest that if the Local Government sees any objections to this particular proposal these may be sent so as to reach this Department before February 1st, 1937.

Letter No. 468 *dated* 18*th February* 1938 *from Chamber to Commissioner of Labour*

I am directed to acknowledge receipt of your letter No. 128 dated the 8th January 1937 and to submit the views of the Committee of this Chamber on the above subject as under :—

Clauses 1 & 2. My Committee have no objections to the same.

Clause 3. With regard to the amendment of sub-section 2 of Section 3 of the Workmen's Compensation Act, 1923, as contemplated in clause 3, my Committee beg to suggest that the onus of proving that he (Workman) has contracted any occupational disease, peculiar to the employment in the factory in which he is working, and not at any other place or factory in which he was previously engaged, should be thrown on the worker himself. In the opinion of my Committee, it may just happen that a workman may have contracted such occupational disease during the period of his previous employment, but the same may have manifested itself subsequently when he took another employment, in which case, the employer should not be called upon to bear the burden of compensation for diseases which his workmen may have contracted previously.

Clause 4. My Committee have no objection to the same.

Clause 5. My Committe are not in favour of the proposed amendment of sub-section 1 of Section 10. The reason given in the explanatory memorandum that it is

unnecessary and unreasonable for a workman to give notice before he leaves employment as he is required to give notice as soon as practicable, does not appear to my Committee to be quite adequate. There may be cases when a workman leaves his employment when he has received injuries of a minor character and does not give notice of the accident till sometime after he has left his employment, when his injury has resulted in either prolonged temporary incapacity or even permanent partial incapacity. It is very difficult for the employer, when the workman leaves employment, to investigate the circumstances of the alleged aggravation of the injury with a view to satisfy himself that such an aggravation occurred in the course of and out of his employment. My Committee, therefore, beg to suggest in substitution, the following amendment :—

> "No claim for compensation shall be entertained by a Commissioner unless notice of the accident has been given in the manner hereinafter provided as soon as practicable after the happening thereof and before the workman has voluntarily left the employment in which he was injured and unless the claim for compensation with respect to such accidents is instituted before the Commissioner within six months of the occurrence of the accident or in case of death within six months from the date of the death."

With regard to the rest of the clauses, my Committee have no objections to the same.

APPENDIX 71

Annual Holidays with Pay

Letter No. 1743 *dated* 1*st July* 1937 *from Commissioner of Labour to Chamber.*

I am directed by Government to forward for your information a copy of the Government of India, Department

of Industries and Labour letter No. L-1831 dated the 14th June 1937 together with enclosures on the above subject and request you to furnish me with your views on the points discussed in paragraphs 3 and 4 of the Government of India letter. I shall also be obliged if you will kindly let me have your suggestions as to the conditions under which holidays with pay should be given, their minimum duration and such other points referred to in the various articles of the Convention as you desire to deal with. I should be glad to have your views on these points irrespective of your views on the general question whether or not holidays with pay should be given.

2. I am to request that your reply may please be sent so as to reach this office by 15th August 1937 at the latest.

Letter No. L-1831 dated 14th June 1937 from Government of India, Department of Industries & Labour, to Provincial Governments

I am directed to forward a copy of the Draft Convention and of the Recommendation (*not printed*) concerning annual holidays with pay which were adopted by the International Labour Conference at its Twentieth Session in June 1936. The Government of India, who have the support of the Indian Legislature in this course, do not propose to ratify the Convention, because they believe that the statutory application of its other provisions to all the establishments mentioned in Article 1 is administratively impracticable in present circumstances.

2. The grant of annual holidays with pay formed the subject of correspondence between the Government of India and Provincial Governments in 1935 in connection with the first discussion of the question at the Nineteenth Session of the International Labour Conference and I am to invite attention to the reply of the Provincial Government to this Department's letter No. L-1831, dated the 1st April 1935. The majority of the Provincial Governments were at that time opposed to statutory holidays with pay

in industry, while those who favoured the principle only contemplated advance by very cautious steps.

3. Although they are satisfied that no comprehensive measure can be considered in present circumstances, the Government of India believe that the general principle of holidays with pay is a sound one, and it is securing increasing recognition in labour legislation in other countries. In India workers in most Government establishments and in some private ones receive paid holidays on a scale which is ordinarily more generous than the minimum scale required by Article 2 of the Convention, and the systems already in force should not be incapable of a wider extension or adaptation. I am therefore to request that the subject may receive the consideration of the Provincial Government and to suggest that the interests mainly concerned might be consulted. The Government of India would be glad to know if the Provincial Government consider that any central legislation on this subject is desirable.

4. In this connection I am to suggest that special consideration should be given to the case of those workers in factories who, on account of being employed on continuous processes or for other reasons, have to be deprived by exemptions of the benefits of section 35 of the Factories Act relating to the weekly holiday. Most provinces in giving such exemptions insist on fortnightly holidays but even when this condition is imposed, the worker loses at least two rest-days in every month. The Government of India are inclined to the view that a statutory provision in the Factories Act for a limited number of pay holidays in such cases would be reasonable and practicable. This would ensure to the worker the opportunity of recuperation which his more continuous work renders necessary, and would afford, in a particularly appropriate form, compensation for the deprivation of the regular rest-day.

5. I am to request that a reply to this letter may be sent so as to reach the Government of India by the 1st November 1937.

Letter No. 2178 dated 11th August 1937 from Chamber to Commissioner of Labour

I am directed by my Committee to refer to your letter No. 1743 of the 1st July 1937, and to send to you hereby their views on the above question.

In the year 1935 they had, in reply to your letter No. 1286 dated 26th April 1935, pointed out that the question of holidays with pay was very difficult so far as India was concerned and that India should not adopt measures of the kind until they are adopted in all countries the products of which are in competition with Indian industries. A copy of the said reply is sent herewith for your ready reference. My Committee reiterate those views and are glad to note that the Government of India do not propose to ratify the Convention.

Regarding the case of workers who by exemptions granted under Section 44 of the Indian Factories Act are deprived of the benefits of the weekly day of rest, my Committee are of opinion that the provisions of the said Section regulating conditions under which such exemptions are fair and beyond those provisions they do not see the need for any further statutory provision for the grant of holidays with pay.

APPENDIX 72

Annual Holidays with Pay for Seamen

Letter No. 1114 dated 31st May 1938 from Shipping Master, Bombay, to Chamber.

I have the honour to enclose (*not printed*) herewith a copy of the Draft Convention (No. 54) concerning Annual Holidays with Pay for Seamen which was adopted by the 21st (Maritime) Session of the International Labour Conference, held at Geneva in October 1936, and to request you

to favour me with your views on the same by the 20th June 1937, for communication to Government.

Letter No. 1848 *dated 2nd July* 1937 *from Chamber to Shipping Master*

I am directed by my Committee to acknowledge the receipt of your letter No. 1114 of the 31st May 1937 and to thank you for forwarding to the Chamber a copy of the Draft Convention concerning annual holidays with pay for seamen. As desired by you, my Committee have to offer the following observations of the same.

My Committee would like to invite your attention to the letter which they wrote to the Principal Officer, Mercantile Marine Department, Bombay, on the 25th April 1936, on the subject of the report and record of the preparatory meeting held at Geneva in November-December 1935, which dealt with all such Conventions as hours of work with manning, annual holidays for seamen with pay, etc. My Committee have set forth therein their reasons as to why they are of the opinion that such questions as hours of work with manning and holidays with pay for seamen should not be considered internationally and should not form the subject of International Conventions. My Committee maintain the views which they have expressed on this subject in the past.

My Committee further understand that the Government of India did not vote for this Convention concerning annual holidays with pay for seamen at Geneva in October last. They, therefore, do not understand why they are inviting the views of the Chamber in regard to this Convention when they themselves are opposed to it.

My Committee would also like to invite your special attention to the fact that it is wrong in principle to ask commercial and shipping interests to express their opinion separately on each of these Conventions which were passed at Geneva without weighing the great financial burdens

which each of them is likely to impose on shipping, particularly national shipping which neither receives any financial help from the Government of India nor any encouragement from that direction. My Committee are of opinion that all these Conventions such as hours of work with manning, holidays with pay for seamen, professional efficiency, etc., should be considered together, as the acceptance of the terms of the one imposes financial burdens in regard to the terms of the other. My Committee, however, would like to emphasise once again that they do not consider it either just or practical that these questions should be dealt with internationally. They do not propose to go over the grounds which they have mentioned in the past in regard to these matters.

Apart, however, from these very broad considerations which have led them to the conclusion that these questions should not form the subject of the International Conventions, my Committee are quite willing and are prepared to consider all the just grievances of the officers, engineers and seamen working in the services afloat and have every sympathy with the main objects of the draft Convention in question. At the same time, they are opposed to India being a party to the Convention when leading countries of world may not have still ratified it. In short, India will not to be the first country to adopt such a Convention even though she might have sympathies with the seamen in their demand for holidays with pay and this ideal may be left to be achieved in due course. They are, at the same time, of opinion that some questions should be dealt with by a national collective agreement which is the usual method by which such questions are dealt with in other maritime countries. My Committee would, therefore, suggest that the proper course for the Government of India to take is to establish a national maritime board on which both the representatives of the shipowners and those of seamen should be appointed. That should be the body to whom any grievances which any party may have should be referred to and my Committee need not add that they will be

willing to extend their cooperation and support in the evolution and working of such national maritime board and in the removal of any legimate grievances which officers, engineers and seamen may have against the shipowners.

APPENDIX 73

Seamen's Welfare in Ports

Letter No. 1762 *dated* 11*th August* 1937 *from Shipping Master, Bombay, to Chamber*

I have the honour to forward a copy (*not printed*) of the Draft Recommendation concerning the Promotion of Seamen's Welfare in Ports, which was adopted by the 21st (Maritime) Session of the International Labour Conference held at Geneva in October 1936, with the request that your views on these recommendations, especially with regard to recommendation No. 1, may please be communicated to this office for forwarding to the Government of India at your early convenience and in any case not later than 15th September 1937.

Letter No. 2858 *dated* 18*th October* 1937 *from Chamber to Shipping Master*

I am directed to acknowledge receipt of your letter No. 1762, dated 11th August 1937, and to forward herebelow the views of my Committee on the above Draft Recommendation.

Part I.—General Organisation

Para 1—The existing Committee of the Indian Sailors' Home Society consisting of the Shipping Master, and the representatives of both the Governments of India and Bombay, the Port Trust, the Indian Merchants' Chamber, the Bombay Chamber of Commerce, the Royal

Bombay Seamen's Society, and the National Seamen's Union with the addition of representatives of shipowners and the Bombay Municipal Corporation may be established with a non-official Indian as its Chairman and with a majority of Indians on the Committee and it should be given official recognition with a view to enable it to perform the functions recommended by the I. L. O. in this para.

Para 2—A copy of the report that may be submitted by the Government to the I. L. O. as required in para 2 should be submitted to the Committee referred to above and should also be published for general information of the public.

Part II.—Regulation

Para 3 (*a*), (*b*), (*c*) & (*e*)—My Committee agree generally with the suggestions made herein.

Para 3 (*d*)—Only such persons as are interested in the illicit sales of liquor should be prohibited from entering the Docks and the Harbour area.

Para 4—My Committee agree generally with the suggestions made herein.

Para 5—Foreign Consuls may be approached for help in case of illness of foreign seamen.

Part III.—Health

Para 6—My Committee are in general agreement with the suggestions made in this para.

Para 7 (*a*)—It is the function of the Health Authorities to spread such knowledge amongst seamen.

Para 7 (*b*)—In case of serious illness, they may be sent to the hospital, whenever it is possible to secure admission to the same.

Para 8 (*a*)—My Committee agree with the suggestions in this para.

Para 8 (*b*)—It is distressing to state that while foreign seamen can find admission as indoor patients for the treatment of venereal diseases in St. George Hospital, Indian seamen cannot find admission for such treatment as indoor patients in any hospital in Bombay. Equal treatmemt should be meted out to all seamen whether they are national or foreign.

Para 8 (*c*) & (*d*)—My Committee generally agree.

Part IV.—Accommodation and Recreation

Para 9 (*a*)—The Indian Sailors Home is available to Indian seamen. Arrangements should be made to provide suitable boarding to seamen at a reasonable rate. The Prince of Wales Institute built out of contributions largely made by Indians is open only to European officers and recently only to Indian officers living in European style.

Para 9 (*b*) & (*c*)—My Committee entirely agree.

Para 9 (*d*)—My Committee do not understand what is exactly connoted by the suggestion made in para 9 (*d*).

Part V.—Savings and Remittances of Wages

Para 10—In this connection, my Committee would invite attention to Section 53 of the Indian Merchant Shipping Act (XXI) of 1923, which provides for an allotment of seamen's wages upto one-third of their monthly wages.

Part VI.—Information for Seamen

Para 11—My Committee generally agree. However, Indian seamen, being generally illiterate, should be shown the dangers of venereal diseases by cinema films.

Para 12—My Committee agree with the suggestions made in (*a*), (*b*), (*c*), (*d*) and (*e*) of this para.

Part VII.—Equality of Treatment

Para 13—My Committee agree with the principle laid down in para 13, that whichever organisation has to

administer funds for welfare of seamen, they should concern themselves not with seamen of a particular nationality only but should act as generously as possible in the spirit of international solidarity. To bring ourselves into conformity to the spirit and ideal set forth in this paragraph, it is necessary to remove the differential treatment meted out to the Indian seamen.

APPENDIX 74

Statement of Labour Policy by the Bombay Government

Press-note dated 17th August 1937.

Government are aware that they are in a special sense responsible for the welfare of the industrial worker. The process of industrialisation, which has gone furtherest in this Presidency, takes away the independence of the worker, places him in a difficult environment and creates social and political problems of a peculiar and complicated character. Keeping these cirumstances in view, the Indian National Congress have envisaged in its election manifesto a policy and a programme in respect of industrial wokers, which constitute an undertaking to "secure to them a decent standard of living, hours of work and conditions of labour in conformity, as far as the economic conditions in the country permit, with international standards, suitable machinery for the settlement of dispute between employers and workmen, protection against the economic consequence of old-age, sickness and unemployment and the right of workers to form unions and to strike for the protection of their interests". The earliest resolution of the Congress on Fundamental rights, generally states in addition, that "the State shall safeguard the interests of industrial workers" and makes special reference to women workers and children.

This Government has therefore accepted it as its duty to endeavour to work out the programme using all the

means at its disposal. Government will try to adjust the social and economic mechanism in such a way as to ensure to the worker the satisfaction of at least his minimum human needs, security of service, provision of alternative occupations in periods of inevitable unemployment and maintenance during periods of unavoidable incapacity for work. It is also an acknowledged obligation of Government to secure working and living conditions which are favourable to worker's physical and moral health and to ensure for him opportunities for the advancement of his status and a full measure of freedom of action consistently with his obligations to industry and society. The pace at which a programme to achieve these ends can be prosecuted will depend upon various factors foremost among them being the cooperation of the working classes and of the employers, the state of the industries concerned and economic conditions generally.

Government are examining the possibility of devising measures for setting up minimum wage fixing machinery to meet special requirements, for promoting the provision of better housing conditions, for control of house rent in cities and for the relief and avoidance of working class indebtedness. With regard to industries and industrial centres which fail to provide a living wage to the employees, Government have decided to institute exhaustive enquiries with a view to determining how far wages in these cases fall short of the minimum budgettary needs of the workers, to discover what circumstances are responsible for the inadequacy and to ascertain the ways and means of improving wages to a satisfactory level.

For the protection of the industrial population, Government visualize the development of a comprehensive system of social insurance. The requisite statistical and actuarial basis for the various forms of social insurance are totally lacking at present. Government have already set in motion the machinery of the Labour Department for the collection of material which within a reasonable distance of time should enable the Government to decide

what can be done to frame sound and workable schemes conforming to Indian conditions. Government have under their consideration the feasibility of legislation for leave with pay during periods of sickness. It is hoped that the action taken in this direction would pave the way for a scheme of sickness insurance.

In the matter of unemployment relief, Government propose to explore the possibilities of alternative employment in home industries and, with that end in view, are considering a scheme for extensive training of the employed and the unemployed for the pursuit of secondary occupations. Collection of statistics of unemployment and registration of the employed as well as the unemployed will soon be undertaken, and it is expected that the arrangement would facilitate the setting up of Employment Exchanges in important industrial centres.

Government contemplate an immediate extension and improvement of the Factories Act in several directions. Provisions of the Act relating to the weekly holiday, the interval of rest and spread over of the hours need amendment. Satisfactory dining accommodation and adequate medical aid will be made a legal obligation. The position regarding the maximum hours of work will be reviewed. Government find that some regulation of night-shift work in general will have soon to be considered.

With regard to trade disputes, Government are determined to pursue an active policy with a view to maintaining industrial peace in the Presidency, endeavouring all the time to see that the workers obtain a fair deal. It is the intention of Government to promote legislation aiming at the prevention of strikes and lock-outs as far as possible. The basis of this legislation would be the requirement that no reduction in wages or other change in conditions of employment to the advantage of the workers should take effect till they have had sufficient time and opportunity for having the facts and merits of the dispute explored either through the channel of voluntary negotiation, conciliation or

arbitration or by the machinery of the law. A corresponding obligation would rest on the workers in respect of demands on their behalf.

Government are also considering the practicability of legislation enabling the general application in any centre of industry of suitable standards of pay and other conditions of work regarding which there is found to be agreement between substantial and representative section of the employees of a particular centre. As a step in this direction, it will be necessary to provide to do all that is practicable for the amelioration of the conditions of the working class; they are convinced that no legislative programme can be a substitute for the organised strength of the working class and till, organisation of workers, run on genuine trade union lines grow up in the various fields of employment, no lasting good can accrue. Government are, therefore, anxious to assist in removing real hindrances in the way of the growth of the organisation and to promote collective bargaining between the employers and the employees. Means will be devised to discourage victimization of workers for connection with a labour organisation and participation in legitimate trade union activity.

In the sphere of education, Government realise that working class has its special needs and that the illiteracy in its case constitutes a very serious handicap to itself and a grave danger to society. The educational policy of the Government will therefore be designed to meet these special requirements. Government's policy of prohibition has also a special bearing on the well being of the industrial community and it is Government's intention to select important industrial towns for the early application of the policy.

Government have in mind the need and utility of statistical and other information for the proper discharge of their functions in these and other matters. The Government Labour Office is well equipped for the purpose. Government are considering the advisability of extending

the scope of the work of the Labour Office and of facilitating the work of collection of statistics by suitable legislation.

APPENDIX 75

Recognition of Trade Unions in Bombay

Letter No. 2776 dated 20th September 1937 from Commissioner of Labour, Bombay, to Chamber

In the Government communique of the 17th August it was stated that "while Government propose to do all that is practicable for the amelioration of the conditions of the working classes, they are convinced that no legislative programme can be a substitute for the organised strength of the working class and, till organisations of workers, run on genuine trade union lines, grow up in the various fields of employment, no lasting good can accrue. Government are therefore anxious to assist in removing real hindrances in the way of the growth of labour organisations and to promote collective bargaining between the employers and the employees. Means will be devised to discourage victimisation of workers for connection with a labour organisation and participation in legitimate trade union activity." Government are now considering the type of legislation that would be required to give effect to the ideas underlying this statement of policy. They agree with the Royal Commission on Indian Labour that no legislation can ensure that full and free co-operation and discussion between employers and employed, which is so desirable in the interests of the industry and all those who depend upon it. They are also aware that in those countries where negotiations between employers and work people have reached their highest development, no legislation of the type contemplated in this Presidency exists, because both parties have realised that (*a*) full recognition should be given to *bona fide*

trade unions as the appropriate and established machinery in the discussion and negotiation of all questions of working conditions, including wages and hours, and other matters of common interest in the trade and industry concerned, (*b*) that negotiations between employers and workmen are facilitated by workmen being members of *bona fide* trade unions and by employers likewise being organised, and (*c*) that industry benefits enormously from such negotiations. But in other countries such as France and the United States of America these principles have been embodied in legislative enactments, so necessary are they to the welfare of an industrial State.

The Government of Bombay fully realise that, with a few notable exceptions, the trade union movement in this Presidency has received neither the support of the workers, nor of the employers. It is not necessary to discuss the reason why, but the fact only emphasises the necessity for a radical alteration in the existing conditions in order that the relations between employers and employed in this Presidency may be put on a proper footing and thus bring Bombay into line with other industrial centres of the world in this matter of negotiation between employers and workers.

I am therefore instructed to invite the attention of your Chamber to the policy of Government as outlined above and to enquire from you the conditions under which you would be prepared to give recognition to trade unions of employees and what such recognition would connote. I am to suggest for your consideration that, quite apart from absolute freedom from victimisation, that is to say, freedom to belong to any organisation of workers without risk of dismissal or unfair discrimination, and grant of facilities for collective bargaining, recognition of trade unions might imply the granting of facilities for carrying out normal trade union work, including:—

1. permission to collect trade union subscriptions at the time of the payment of wages;

2. latitude for communications between trade union officials and representatives or leaders of the workers inside the factory ;

3. circulating of notices of meetings of the union and notifications of other important information on behalf of the union ;

4. acceptance of letters and answers thereto ;

5. granting interviews to union officials and representatives of the workers ;

6. joint investigations of complaints brought up by the union or the representatives of the workers ;

7. permission to hold meetings inside the mill compound during the interval of rest after previous intimation to the manager.

As it is the intention of Government to give the earliest possible effect to their policy of assisting in removing hindrances in the way of the growth of labour organisations in order that Government may most effectively discharge its responsibility for the welfare of the workers and the peace of industry, I am to ask that a reply be given to this letter by October 5th. I am also to ask that if the members of your Chamber are unable to agree with the suggestions outlined above, they should offer alternative suggestions of a constructive nature designed to carry out the policy that has been laid down by Government.

Letter No. 2837 dated 13th October 1937 from Chamber to Commissioner of Labour

With reference to your letter No. 2776, dated 20th September 1937, I am directed by the Committee of this Chamber to address you as under :—

My Committee are of opinion that industries should recognise trade unions, but they must be genuine trade unions. Members of trade unions must be actively employed in the industries concerned. It is desirable that the whole

body of workmen should belong to the unions concerned with the industries. The percentage of members unemployed (continuously for twelve months) to employed members may be about 5 per cent. Each industry should have its own union. There should be one Central union for each industry. Such unions should be recognised by the industries concerned when there are more than 51 per cent of total workers as members. The unions must not be open to outsiders. Executive committees of these unions should consist entirely of workers. If necessary, their advisers may be nominated by Government.

My Committee hold the following views with regard to the main points referred to in your letter under reply:—

1. Permission to collect trade union subscriptions at the time of the payment of wages:

Employers should not be called upon to collect funds like this, as it will lead to many complications. There was a tacit understanding between the Ahmedabad Millowners' Association and their employees under which the former were deducting from the wages of the latter their fees for trade unions to which they belonged. Even there, however, the practice has been stopped.

2. Latitude for communications between trade union officials and representatives or leaders of workers inside the factory:

No such permission should be given, as it will interfere with the discipline of the factory. It may lead to an impossible state of affairs if union officials were given the freedom to visit any mill or factory at any time to discuss some questions with representatives of workers inside the factory.

3. Circulation of notices of meetings of the union and notification of other important information on behalf of the union:

Such a circulation may be left to the discretion of the employers.

4. Acceptance of letters and answers thereto :

Letters may be accepted from and answers may be sent to recognised union officials.

5. Granting interviews to union officials and representatives of the workers :

Such interviews may be granted to recognised union officials by appointment and about twice a month.

6. Joint investigation of complaints brought up by the union or representatives of workers :

Such an investigation, whenever necessary to do so, should be conducted by Government in the presence of parties.

7. Permission to hold meetings inside the mill compound during the interval of rest after previous intimation to the manager :

Such a thing can never be allowed, as it will seriously interfere with the discipline of the factory.

My Committee hold the following views regarding conditions precedent to recognition of trade unions :—

(1) Trade unions should be run and controlled by the workers (the preamble contains fuller and more detailed views).

(2) The union would in no circumstances call or support a strike without due notice or without previous submission of grievances; such a notice to be of one month.

(3) My Committee accept the principle of compulsory arbitration. As long, however, as such a principle is not accepted by Government, they agree with the following procedure :—

(*a*) The union should not negotiate on behalf of the workers who have struck work without notice till they have returned to work.

(*b*) The union should agree not to support a strike called by an unrecognised union or communist or unlawful association.

(*c*) The union should not call a strike in any mill or factory unless over 50 per cent of the workers therein or the particular class of operatives concerned have previously signified their intention in favour of striking work to remedy their grievances.

(*d*) The union should agree not to call a general strike on an issue peculiar to an individual mill.

(*e*) The union should agree to call off a strike on the institution of a Court of Inquiry, Board of Conciliation or other process of mediation or negotiation.

(*f*) The union should agree to co-operate with Government Labour Officer and furnish details of grievances which it is proposed to bring to the notice of employers or body of employers.

(*g*) Membership of the union should be purely voluntary.

(*h*) The union will not attempt to collect subscriptions on the mill premises, including the mill compound.

(*i*) The union will not attempt to subvert discipline in mills.

(*j*) The union makes it clear in its rules that a strike will not be called except as a last resort.

(*k*) The union's rules should be submitted to and approved by Government, who should publish them in consultation with organisations of employers and employees.

APPENDIX 76

Sick-leave with Pay for Industrial Workers

Letter No. 3581 *dated 21st October* 1937 *from Commissioner of Labour to Chamber.*

I have the honour to refer to the communique dated the 17th August 1937 issued by the Government of Bombay explaining their policy in respect of the industrial worker and to observe as follows:—

2. In para 4 of the communique it was stated that for the protection of the industrial population Government visualized the development of a comprehensive system of social insurance. In the absence of the requisite statistical and actuarial material for the purpose, however, Government were considering the feasibility of enacting legislation for leave with pay during periods of sickness and they hoped that the action taken in this direction would pave the way for a scheme of sickness insurance.

3. The problem of granting relief to Indian workers during periods of sickness is not a new one. It engaged the attention of the Royal Commission on Indian Labour who observed that if the question had not been previously raised by Government it would have been forced on their attention by what they had seen in every industrial centre. They pointed out that sickness was an immediate contributory cause of indebtedness and stated that the situation called for the exploration of all methods that might lead to the alleviation of the existing hardships. "Of the great need of the workers for something of this kind", they observed, "there can be no doubt." In view of the above remarks of the Whitley Commission the question of granting relief to Indian workers during periods of sickness does not require any special pleading or justification. In fact, the principle has already been adopted to some extent in this country. Most Government employees are entitled to sick leave with pay for a specified period every year, while the

Municipalities, the Port Trust, and the Railways have liberal schemes of sick leave with pay for their employees. Some private employers too have schemes of leave with pay for certain classes of their employees.

4. In Western countries the first steps in this direction were taken as early as the eighties of the last century when Germany established a scheme of sickness insurance for industrial workers. Her example has been largely followed by other countries and the position today is that no fewer than 38 countries of the world have schemes of sickness insurance, either compulsory or voluntary, affording relief to workers during periods of disability. The two important industrial countries in the East, are India and Japan. The latter has already adopted a comprehensive scheme of sickness insurance, apart from the extensive social services which she maintains for her industrial population. Even China, which is industrially a comparatively undeveloped country, is reported to have a sickness insurance scheme under consideration.

5. Apart from the provision of sickness insurance, a large number of workers in Western countries also enjoy the benefit of annual holidays with pay. In his annual report the Director of the International Labour Office points out that by the year 1937 not less than 22 countries had established, by law, the right of wage earners to paid holidays every year. In additional partial legislation providing paid holidays for particular classes of workers were in force in 16 other countries, while in others the practice was widely adopted by collective agreements.

6. Government, while having no doubt as to the ultimate goal to be aimed at, realise that conditions do not exist at present in the Presidency for the successful operation of a scheme of sickness insurance as it is understood and worked in the United Kingdom and other foreign countries. At the same time, they feel that a beginning ought to be made in that direction and in their opinion the best method of approach would be to combine sick leave with holidays with pay for industrial workers. In

this connection, I am to request you to let me have your views at an early date on the rough scheme which is outlined below.

7. Subject to certain qualifications regarding length of service, every industrial worker will have a legal right to three to four weeks' sick leave with pay during each year, of which he may avail himself under certain easily enforceable conditions regarding certification. If there is any balance of leave left unutilised during the year, it is to be turned into cash—the calculation being based on certain average scale of wages—and the amount thus ascertained is to be handed over to a fund to be maintained by Government. The worker will be required to contribute 10 days' wages to the fund every year. The amounts which may thus accumulate in the account of each individual worker will be drawn upon on his retirement from industry or on his attaining a certain age and will be paid to him either in a lump sum or in instalments. The scheme would thus have some of the characteristics of sickness and retirement, old-age and death benefits and if successful may pave the way for specific schemes of social insurance on the lines of those to be found in the more advanced countries.

8. As the need for helping industrial workers in the Presidency on these lines is urgent, Government feel that an early start must be made. In the scheme outlined above, Government have merely indicated one likely approach to the problem, but they are fully aware that there may be many others possible. They would, therefore, be glad if your Chamber would examine the question carefully and sympathetically and favour them with their suggestions as regards what may be done in this direction at your very early convenience.

Letter No. 3296 *dated* 1*st December* 1937 *from Chamber to Commissioner of Labour*

Under instructions of the Committee of this Chamber, I beg to send hereby their views with reference to your letter dated 21st October 1937, No. 3581.

Your letter is primarily concerned with sickness insurance. There are, however, other questions involved in the scheme therein, viz. holidays with pay, old age pension, death benefit, etc., so that the scheme may well be termed as one of a comprehensive Social Insurance character. Industrialists in this country have always been ready to welcome schemes benefiting their labour, and though there have been adverse criticisms against Indian employers as a class, it may be said that the record of India with regard to the observance, fulfilment and ratification of Conventions and Recommendations passed by the International Labour Conference, is one of the brightest and best. The proposed scheme of Social Insurance contains the salient characteristics of different sorts of measures which have been partly tried, partly experimented with and partly put into practice by some of the leading Western industrial countries. So far as the information of my Committee goes, the whole scheme as such adumbrated in your letter under reference has not been put into active operation in any other country. Some countries have got holidays with pay and that too with regard to specific industries only; some countries have got sickness insurance and that too with regard to specific industries only; and others have got old age pension and death benefit.

It is not clear from the tenor of your letter if Government want the scheme to apply to all industries as such which at present come under the Indian Factories Act, or to certain selected organised industries only. My Committee are of opinion that such legislation should come with better grace from the Government of India, in which case it will have better opportunities for being put into active operation and less chances for unfairness and injustice being meted out to industries of a particular Province. While the Government of Bombay may be progressive in their ideas, it must be realised that there are 11 Provinces in the country and in many provinces labour legislation may not go to the extent to which the proposals of the Government of Bombay might go. In that case, industries of this

Province will have a great handicap against them in relation to industries in other provinces. Even now experience of several industries has shown how the practical exemption which Indian States are enjoying from several of the laws and rules and regulations of British India has exposed some of the leading industries in British India to unfair competition from industries in Indian States.

As mentioned above, it is rather nebulous from the way in which your letter is worded as to whether the scheme propounded is proposed to be applied to only certain organised industries, or to all the industries coming under the Indian Factories Act. If it is to apply to certain organised industries only, it must be borne in mind that the Textile Wages Enquiry Committee is at present sitting to consider very important questions of wages and allied subjects. My Committee may be allowed to point out that proposals with regard to sickness insurance, etc., bear directly and intimately on the wages and will tend to raise the wages, no matter in what shape or form these benefits are ultimately given. The textile industry being at present one of the leading organised industries in this Presidency, it stands to reason what while this enquiry is going on at present, no other questions should be brought forward which might be likely to confuse the issue. There are, however, other industries also, and my Committee are strongly and emphatically of opinion that the rate of advance in all cases must be guided by the capacity of the industries to bear up under the strain.

My Committee are afraid that Government have issued this letter without a sufficient and adequate consideration of all the factors involved. Thus, for instance, it is suggested in your letter under reference that the contribution of the employers may be 3 to 4 weeks' wages of their employees. This will amount to about 8¼ per cent, as against only 1 per cent which, to the information of my Committee, is paid as contribution by British employers. My Committee are informed that in England the contribution of both employers and employees is about 5*d.* each per

week on a general average of wages of £2 per week (*Vide* Report of the International Labour Office on 'sickness insurance', 1925). Again, the share of the employers' contribution, viz. 3 to 4 weeks' wages, is disproportionately high as compared to the proposed share of the employees' contribution viz. 10 days' wages. As far as my Committee are aware, in no other country are the two shares kept so uneven. The following information extracted from the Report of the International Labour Office on "Sickness Insurance", 1925, will be of interest in this connection:

"In other sickness insurance Acts, the apportionment or the contribution between the insured worker and the employer shows considerable variation as to the percentages respectively payable. The portion of the full contribution which is payable by the worker varies between 40 and 66⅔ per cent. It is fixed at:

40 per cent of the total contribution by the Polish Act (Section 47)
50 ,, ,, Czechoslovak Act [Section 162 (1)]
50 ,, ,, Jugoslav Act [Section 35 (5)]
50 ,, ,, Hungarian Act (Section 28)
50 ,, ,, Latvian Act (Section 62)
60 ,, ,, Norwegian Act (Section 31)
66⅔ ,, ,, German Act (Section 381)
66⅔ ,, ,, Austrian Act (Section 34)
66⅔ ,, ,, Luxemburg Act (Section 26)

The employers' portion varies inversely (except in the case of the Norwegian Act (Art. 31), which assesses the employers' contribution at 10 per cent only), and the figures are roughly the same, being:

33 1/3 per cent of the total contribution in the German Act (Section 381)
33⅓ ,, ,, Austrian Act (Section 34)
33⅓ ,, ,, Luxemburg Act (Section 26)
50 ,, ,, Latvian Act (Section 62)
50 ,, ,, Hungarian Act (Section 28)

50	per cent	of	Jugoslav Act [Section 35 (5)]
50	,,	,,	Czechoslovak Act [Section 162 (1)]
60	,,	,,	Polish Act (Section 47).

Under the British Act the full weekly rate of contribution, which is 10*d.* for male contributors and 9*d.* for female contributors, is divided in such a manner that the proportion payable by the employer amounts to 5*d.* per week being deduced from male contributors' wages and 4*d.* per week from those of female contributors (Second Schedule)."

There might have been subsequent modifications in the details or the rates of contributions prescribed in schemes of the different countries referred to above, but my Committee believe that the changes and modifications could not be of such a nature as to upset seriously the balance of obligations as between the employers and the employees to the said schemes.

It is well-known that Indian Labour is peripatetic and this factor also should be considered in all its aspects if any scheme of Social Insurance is to succeed. It will not also be out of place to draw pointed attention to the fact that the efficiency of Indian Labour has been acknowledged to be much lower than that of labour employed in corresponding industries in the West and in Japan. In those countries schemes of rationalisation in recent years have helped much to reduce the cost of production; schemes of rationalisation have not been looked with favour here due to misapprehensions and Indian industries cannot be said to have the benefits or similar efforts here.

My Committee are also opposed to the idea of Government taking over the work of collecting contributions from the employers and employees and placing themselves as a sort of Trustees for the distribution of benefits. In their opinion, such schemes of Social Welfare should be worked by employers in collaboration with employees, without any Government interference.

In this connection, my Committee cannot help observing that, while Government appear to be in a hurry to promote all sorts of Labour schemes as soon as possible and get industries to accept them, they themselves are proposing to effect retrenchment in the salaries even of their low-paid staff. My Committee hope, however, that in view of the immense difficulties which are pointed out by them, as well as by the Committee of sister Associations, Government will be pleased to stay their hand and not to inflict any burdens upon industries which may act as a handicap in the way of their progress and prosperity.

In conclusion, my Committee may be allowed to point out that the indigenous industries of this country have, as Government are aware, to fight against strenuous and unrelenting competition of foreign industries. Protection of some sort has been given to some industries, while others have to trudge on as best they can without any measure of protection, direct or indirect. In fact, several small industries have had recently to face strenuous competition from Japan, and a Special Officer was appointed by the Government of India to conduct an enquiry into the grievances of these industries with a view to finding out if any assistance could be vouchsafed to them. Even this enquiry is now practically still-born, as further progress is suspended and Government have practically announced that these industries need not expect any assistance in near future. My Committee apprehend that it is almost certain that several of these industries will have to close their doors. If the effects of all the legislation proposed by the Government of Bombay are merely to add to the burdens of industries, there will be no hope left for them, specially as Provincial Governments have not in their hands to give any protection to industries in their Provinces.

Under all these circumstances, my Committee strongly urge that Government will be pleased not to proceed with the scheme at the present stage.

IV.—GENERAL—TRADE AND INDUSTRY

APPENDIX 77

Interview with the Hon'ble the Commerce Member

Speech of the Hon'ble Mr. Govindlal Shivlal, President, Indian Merchants' Chamber, at the interview with the Hon'ble Sir Syed Sultan Ahmad, Kt., Commerce Member, Government of India, on 3rd August, 1937

Sir,

I extend to you a most hearty and cordial welcome, on behalf of the members of the Committee of this Chamber, on this your first visit to them. For years past, my Committee have enjoyed the privilege of these interviews with the Hon'ble Members of the Government of India, and, while I cannot say that all these have ended in immediately fruitful results, I must, at the same time, express my opinion that such visits have always worked for a better mutual understanding and have served to explain to each other the viewpoints held by both.

Insurance Bill

One of the most important pieces of legislation during recent times undertaken by the Government of India has been the Insurance Law Amending Bill. The Committee of this Chamber have been insisting on such a law since several years past, but unfortunately, there was a delay in the Government of India undertaking such a legislation, important though it is, because of their desire to wait for the outcome of the Committee appointed in the United Kingdom for a similar purpose. The delay, however, has been too long to be explained merely by that cause, and the commercial community came to fear that the Insurance

Law Amending Bill was not forthcoming at all. It is perhaps due to the driving force of Sir N. N. Sircar and Sir Muhammad Zafrulla Khan that this Bill has now been brought forward before the Legislature and has been referred to commercial bodies for their opinion. My Committee have carefully gone through the Bill and have sent up a pretty long Memorandum to the Government. I do not want to trouble you here with all the details of the suggestions we have made, as our representatives will have an ample opportunity of discussing these perhaps in the Select Committee and surely in the Assembly. While my Committee appreciate that the present Bill will take us much further from the present position, we cannot help saying that the indigenous companies will not be able, merely with the provisions contained in the Bill, to fight against the encroachments and unfair competition of foreign companies, unless some further safeguards are incorporated. Another legitimate way for Government to help the Indian insurance companies is to provide for giving all Government insurance, as also insurance of semi-Government bodies, to indigenous concerns. Similarly, Industries which have got protection from Government should be required to place their insurance with Indian companies. Insurance is one of the most important branches of trade, and just as the State has now accepted the principle of protection, though diluted by the term 'discriminating', it should also accept the principle of whole protection to the national insurance concerns. Insurance is still in a very incipient stage in this country and in order that such a tender plant may not be crushed by the Juggernaut car of foreign competition, it is vitally essential that the new Bill should provide ample safeguards for the protection of Indian insurance concerns.

I should like to draw your attention to the very restrictive provisions which are found in the Bill regarding Managing Agents. Managing Agents were found to have their uses when the Indian Companies' Act was discussed, and I submit that they have their place in the Insurance

Companies also. What my Committee would like to suggest is that, while there might be the same restrictions on Managing Agents, as are provided in the Indian Companies' Act, there should not be the provisions limiting the life of the present Managing Agents only to three years, nor for abolishing this system for new companies.

Re-distribution of Government Portfolios

My Committee have noted, with not a little perturbation, the recent Government commiunique proposing a re-distribuition of the work of the Government of India. The Departments of Commerce and Industries were upto now administering certain work, which is now proposed to be assigned to the Department of Communications and Labour. The Member in charge of the Department of Commerce will be in charge of the Department of Labour also, while the Member in charge of the Department of Industries will now be Member in charge of the Department of Communications. It is proposed to assign Inland Navigation and Ports to the Department of Communications, while Blue water shipping is proposed to be assigned to the Department of Commerce. My Committee are of opinion that Inland Navigation and Ports should go with Blue water shipping in charge of the Department of Commerce. Blue water shipping, i. e. coastal shipping and overseas shipping cannot be separated from Ports and Inland Navigation. My Committee are afraid that these proposals are fraught with great danger to Indian shipping and earnestly urge that their suggestions should be accepted.

Trade Agreements—Ratification by Legislature

My Committee have noted how Trade Agreements do not generally come for the confirmation of the Legislature. The last Indo-Japanese and Indo-British Trade Agreements were concluded without consulting the Indian Legislature. The terms of such agreements may be such as would seriously affect our trade, commerce, and industry. The

mere fact that the Government of India would consult non-official Advisers in no way takes the place of such a ratification by Legislature. On several occasions Government have rested merely with taking the advice of these non-official Advisers without caring to act upon it. My Committee, therefore, earnestly urge that all such Trade Agreements should be submitted to Indian Legislature for ratification. If for technical reasons, the Treaties are signed, by the representatives of the Crown in London, they should not sign any final trade agreements which have not received the approval of the Indian Legislature.

International Sugar Agreement

While on this point, I may draw your attention to the recent International Sugar Agreement, to which the Government representative appears to have put his signature. This agreement purports to bind down India not to export any sugar whatsoever. The experience proves that it was highly prejudicial to the interests of this country that a non-official representative was not sent to represent the sugar interests at such an important conference. I fail to understand that an official representative of the Government of India without consulting commercial opinion and in disregard of the interests of the industry concerned, should have given his signature to an International Agreement of such a vast importance. We shall be obliged if you can enlighten us as to what is the exact position the Government of India want to take up with regard to this question, i. e., whether they propose to place this agreement for ratification before the Legislature or not. The sugar industry of this country has made a good progress and there is no reason why it should not be in a position to export sugar in near future. My Committee are strongly opposed to such a proposal, and we hope, Sir, that Government will not ratify such an Agreement at all. In this connection, my Committee are of opinion that it will be a great help to the Industry if permission is given to utilise the by-product of cane-crushing mills, viz., molasses, for the purpose of manufacturing power alcohol.

Report of the Wedgwood Enquiry Committee

While the Wedgwood Committee was appointed, this Chamber, in company with other important Indian commercial associations, strongly protested against the non-inclusion of any single Indian in its personnel. The Report of that Committee has now been published and it shows how the initial mistake of not including any Indians in its personnel has affected its ways and modes of thinking and the effect of it on the conclusion it has reached in the report. My Committee are going through the details of the Report and will forward their views to Government in due course. In the meanwhile, I should like to urge upon you the advisability of consulting the whole of the commercial opinion and giving due weight to the views which the Indian commercial institutions may proffer in this connection. The Wedgwood Committee has, among others, attempted to lay down certain reactionary proposals which can never be accepted by the public in general and the commercial public in particular in this country. The State Management of Railways has come to be accepted as a maxim and as a definite and deliberate policy of the Government since 1921; and yet the Wedgwood Committee has attempted to substitute for it the basis of company management. Indianisation of different Services has been the accepted policy again of Government; and yet wherever an opportunity has presented itself the Wedgwood Committee has openly asked for the inclusion and admission of non-Indians into the different Services regardless of the fact whether Indians are avaliable or not. That the Indian Railways should contribute to the General Revenues has also been the accepted policy; and yet the Wedgwood Committee goes to the length of saying that the Government of India should in future confine their interest in the Railways to that of debenture holders. Surely, Sir, these are proposals, to name only a few, which are extremely reactionary and will affect the interests of this country very adversely.

Indo-Burma Trade Relations—Burma Import duty on Flour

My Committee recently had occasion to protest against the action of the Government of Burma in removing the duty of 25 per cent on the imports of foreign flour. It was understood that the *status quo* would be maintained with regard to the trade relations of this country and Burma at least for a period of three years. My Committee realise that there is a clause in the Indo-Burma Trade Regulation Order enabling the Government of Burma to make any changes in its tariff duties with the previous sanction of the Governor General of this country. My Committee greatly regret that such a sanction should have been given to this recent withdrawal of duty on the imports of foreign flour. This will be a great blow to the Indian flour industry as well as the Indian wheat grower and my Committee hope that you will exert your best to get the duty re-imposed on the imports of wheat flour in Burma.

Diamond Trade and 'Jangad' business

You know, Sir, that Bombay considers the Diamond Trade in the City as one of its important trades. Recently there was an interpretation by the Chief Justice of the Bombay High Court of the term 'Jangad' business. He held that the term meant 'sale or return' and that the 'Jangad' transaction placed the parties in the relationship of seller and buyer, i.e. principal and principal. The custom, however, of the trade, existing since a long time past has been that 'Jangad' constituted a mere 'entrustment' and that the property in the goods never passed to the middlemen or brokers in the Jangad transactions. The interpretation put by the Chief Justice has, however, disturbed the whole trade, as the owners are not assured now of any protection against any mischievous persons. The position before the said decision of the Chief Justice in the Diamond trade was that if either a middleman or a broker misappropriated the property thus placed in his hands on 'Jangad' basis, or hypothecated the same, he was

liable to be prosecuted and tried for offences under Section 406 of the Indian Penal Code. The Diamond merchants now urge that in view of this recent interpretation given by the Chief Justice, the Law about 'Jangad' should be carefully considered in all its aspects and Section 24 of the Indian Sale of Goods Act should be so amended as to embody unequivocal recognition of the connotation of the expression 'Jangad' as recognised in the Diamond and other trades. This matter has been now before the Government of India for a long time, and my Committee trust that Government would be pleased to give sympathetic and favourable consideration to this reasonable request.

Development of Indian Shipping

You are aware, Sir, it has now been years past since there has been a universal demand in the country that its coasting trade should be reserved to national shipping and that Indian shipping should have a legitimate share of its overseas trade in consonance with the great importance of India as a maritime country. It is now nearly eight years since the Government of India announced their policy that they would see that Indian shipping would secure an adequate participation in the coastal and overseas trade of India and that it would be the responsibility of the Government of India to see that Indian shipping obtained such share of its maritime trade. My Committee regret to observe that no steps have yet been taken by the Government of India in either meeting the national demand of or implementing their own policy, and they particularly deplore the unsympathetic attitude evinced by them when they were required to render very small assistance for the starting of a fast Bombay/Europe passenger service.

My Committee would draw your attention to the wide recognition of the principle that claims of national shipping and its expansion should form a vital part of a trade agreement which one country desires to make with another country. The Russian use of British shipping which was taken into account in Anglo-Soviet trade

agreement of 1934 may be mentioned as an illustration of this policy. Mr. Alexander Shaw, as Chairman of the P. & O. Co., Lord Lloyd and Lord Essendon as Members of the House of Lords, and the Chamber of Shipping, the greatest shipping organisation of England, have urged upon the Government of India and the Secretary of State to utilise the bargaining power of India with Japan for securing preference for British shipping in the Indo-Japanese maritime trade. The principle is, therefore, not a new one. My Committee would like to understand how far the Government of India have urged the claims of national shipping in their negotiations for a trade agreement between India and Japan and between India and Great Britain.

In view of the manner in which the Government of India have helped the Empire maritime policy in action, my Committee would like to know what steps the Government of India propose to take to secure for India the same right which the Dominions possess of national economy and common defence, a legitimate share of its entire maritime trade as a real Imperial maritime unit of equal and proper standing with all the other parts of the Empire.

Difficulties of the Pharmaceutical Industry—Co-ordination of Excise Rules and Regulations

The Pharmaceutical industry has placed before the Government of India a detailed case of its difficulties and grievances. The main grievance is in regard to the diversity in Excise Rules and Regulations which bring about conditions of internal trade barriers as between different Provinces and Indian States. The industry has desired that to bring about healthier conditions of trade, the Government of India should convene a Conference of representatives of various Provinces and Indian States with a view to unifying the Excise Rules and Regulations governing traffic in spirits and spirituous medicines and toilet preparations. My Committee had also made representation to the Government of India in this matter. This question was discussed at the last Industries Conference held in Lucknow and it was decided

that the Excise Commissioners of the different Provinces and some of the Indian States assisted by the Directors of Industry should further go into the matter. My Committee would like to be informed as to whether any progress has been made in the direction of such collaboration and would repeat their suggestion that the Government of India should take the initiative in calling a Conference of such Provincial Governments and the Indian States, with a view to finding a satisfactory solution of this problem.

Note.--The replies of the Hon'ble Member are not printed, as the same were treated as confidential at the request of the Member.

APPENDIX 78

Interview with Mr. R. R. Saksena, Indian Trade Commissioner in Japan

REPORT OF THE PROCEEDINGS AT THE INTERVIEW ON 16TH MARCH 1937.

Speech of Mr. Gordhandas G. Morarji, Vice-President.

Mr. Saksena,

On behalf of myself and the Committee of the Chamber, I have great pleasure in welcoming you in our midst. Let me also congratulate you on your appointment as the first Indian Trade Commissioner in Japan. The Indian Merchants' Chamber has, since a long time, been pressing on the authorities the need for appointing Trade Commissioners in all important out-posts from the point of view of Indian trade and the claims of Japan in this regard received our attention at an early stage. We are glad that Government have made a beginning by meeting with our wishes in the matter of Japan; our pleasure is all the greater, because the first appointment has gone to an Indian and the fears which were at one time held that so far as the Trade Commissionership in Japan was concerned, the appointment would go to a non-Indian, have been set at rest.

The foreign trade of India with Japan has in recent years increased greatly in volume and importance. The recent history of Indo-Japanese Trade relations culminating in a Bi-lateral Trade Agreement, and the subsequent negotiations for a fresh agreement are all matters of common knowledge. Whatever be the result of these long drawn-out talks, as India's Trade Ambassador in Japan, you may assure the Leaders of Commerce and Industry in that country, on suitable occasions, that their compeers in India look upon the development of trade relations between the two important units in the Continent of Asia as a natural sequence of great potential benefit to both the countries and any effort in that direction which is not incompatible with the natural interests of both the countries will always receive their best attention.

The specific points to which we are referring hereafter are suggested by the experience of the working of the last Trade Agreement. While, in referring to them we do not want in the least to anticipate the final outcome of these negotiations, it is almost plain on the cards, that in any Agreement that may ultimately be decided upon, specific quotas for the exports of Indian cotton to that country and imports of Japan piecegoods into India will be integral factors. That being so, it will not be out of place to make a few observations regarding the necessity for safeguarding Indian interests under the quota scheme.

Adequate share in the piecegoods Quota for Indian Exporting Houses in Japan

In the working of the quota scheme for exports of cotton piecegoods from Japan, care should be taken to see that Indian Exporting Houses established there should get an adequate share of this business. It should not be possible to cut out such business houses by creating conditions of working which would enable the Japanese manufacturers and exporters to confine their exports exclusively through Japanese agencies. We have in mind

the possibility of such exports being rendered the monopoly of any particular body or group, working under an exclusive licence from the Japanese authorities or Japanese manufacturers.

Adequate share in export business of cotton from India

The same remarks apply to the imports of Indian cotton into Japan. Complaints were received last year that efforts were being made in Japan to allocate quotas for the imports of cotton into that country. Such artificial restrictions will result in Indian shippers being cut off from their share of the trade which they have assiduously built up and will result in the export trade of cotton being confined to a few people, who will at times, by the elimination of free competition, be even able to bring about artificial fluctuations in prices. Procedure and practices tending to such arrangements should be watched and frustrated.

Freight space for cotton shipments to Japan

Another method by which attempts to exclude Indian shippers from the cotton export quota to Japan, about which complaints were received, is by refusing to allot freight space for them in steamers plying in the Indo-Japanese route. In this connection by virtue of an understanding between Japan Cotton Spinners Association and the steamship companies running regular services to Japan, freight space is allotted for cotton only in consultation with that Association. All such subterfuges should be deemed to be in the nature of direct discrimination against Indian shippers and you will no doubt be vigilantly watchful of Indian interests and obtain for them, by persuasion and pressure, fair conditions of trade.

Quota Certificates

Another suggestion which we would like to make is that the Indian Trade Commissioner should be associated with the administration of any Regulations or with the

working of any agency that may be set up for issuing quota certificates both for imports into and exports from Japan in the commodities coming under the Agreement. Such association would minimise chances of either party trying to circumvent the quota provisions by practices of a questionable character.

The above points are specially connected with the quota system. Your good offices will no doubt be available to Indian merchants in various other matters; in establishing new business connections, in the settlement of commercial disputes, in securing correct information in response to enquiries, and in promoting social and cultural relations between Indian merchants resident in Japan and our Japanese friends. You will also explore possibilities of developing trade in new lines; as owing to the various trade restrictions in European countries, the search for new markets for our export products is a pressing problem. Indian visitors to Japan have been impressed by the great strides made by that country in recent years and you will no doubt pass on to us information about their organisation, method of work, social and other problems, which will be of general interest and which will be of assistance to us in conducting our affairs here.

You must no doubt be aware of the complaints that are often heard about attempts at palming off Japanese goods, particularly piecegoods, in India as Swadeshi goods. This is facilitated by the absence of any strict provision in the Indian Merchandise Marks Law for the marking of country of origin on all goods imported into this country. While we are pressing upon the Indian authorities the need for removing this lacuna in Law, we would request you to bear this point in mind and suggest to our Japanese friends that such attempts leave a very bad impression in Indian minds, and that both manufacturers and Government authorities in that country should set their foot definitely down on such questionable practices. The creation of public opinion in Japan against such circumvention of law can do much towards eliminating such practices.

Mr. Saksena, I thank you again for having given us an opportunity of meeting you. On behalf of my Committeee, I wish you a *bon voyage*, and a successful tenure of Office.

Mr. M. M. Amersey referred to the difficulties experienced by shippers regarding freight space for cotton, to the procedure adopted in the sampling of cotton and to the objectionable practice followed in appropriating free of charge the quantity of cotton taken, on behalf of Japanese buyers, for purposes of verification of samples.

Mr. Manu Subedar drew attention to a report appearing in the foreign press to the effect that large quantities of piecegoods were being exported from Japan to United Kingdom for purposes of bleaching and printing and that fears were entertained that such piecegoods ultimately found their way into the Indian market, as British piecegoods enjoying the preferential rate of duty.

Mr. Chunilal B. Mehta desired that reliable information about Japanese investigations regarding the possibility of alternative sources of supply, such as Brazil, Manchukuo, etc. for the cotton requirements of Japan should be made available.

Mr. M. L. Dahanukar requested that Mr. Saksena should try to secure information about the uses to which the bye-products of the sugar industry were put in Japan, such as the manufacture of Bagasse products and to arrange for opportunities for Indian manufacturers and engineers to visit Japanese factories with a view to getting first-hand knowledge of the utilisation of such bye-products.

Mr. Behram N. Karanjia referred to the working of the Quota Association in Japan, and pointed out that the same resulted in large sums of money paid for by Indian consumers being utilised for the benefit of the Japanese industry.

Mr. Sarabhai Prataprai regretted the inadequecy of information and intelligence regarding Japanese methods of

working and wished the same to be remedied and also urged the need for securing admission for training to Indian students and youths in Japanese factories.

Mr. Sankalchand G. Shah referred to the Export Control in yarn trade exercised by the Leon Yarn Association in which Indians were not allowed to be members and to the restrictions in regard to remittances from Japan.

Mr. K. S. Ramchandra Aiyer requested that information in regard to any restrictions against the establishment of foreign Insurance Companies in Japan may be collected and furnished.

Mr. Saksena, in his reply, observed that as he was himself new to the Office, he should not be expected to deal, at this stage, with the various points raised at the meeting in detail. He promised to give them his earnest consideration and hoped to work towards a satisfactory settlement of all such difficulties. He added that with goodwill on both sides, all such difficulties were not impossible of solution and in the meanwhile requested that Indian merchants should exercise restraint and moderation in giving vent to their complaints and grievances. He agreed that his first duty as Trade Commissioner, would be to find markets for Indian goods in Japan and to investigate that the imports into India from Japan were in accordance with Treaty obligations and in consonance with the interests of Indian industries. He concluded by expressing his hope that he would get the assistance of the Indian mercantile community in discharging his duties and responsibilities.

The Vice-President, in conclusion, thanked Mr. Saksena for his interview with the Committee and for the assurances given by him, after which Members were entertained to tea.

APPENDIX 79

Slump in Cotton prices

Letter No. 3171 *dated 22nd November* 1937 *from Chamber to Government of India, Department of Education, Health and Lands*

The attention of Government must no doubt have been drawn to the situation created by the depression in the prices of Indian cotton. The prevailing low prices, it will be agreed, are very uneconomic and will hit the cultivators hard and perhaps bring about serious repercussions in regard to the cultivation of cotton in India. In such crises, the plight of the cotton farmers deserves sympathetic consideration. The Committee of this Chamber have given this question their anxious consideration and, while they recognise that the depression in prices is due partly to world factors, there are certain directions in which action within the country would help to alleviate the distress.

The first direction in which some possible measures of relief suggest themselves to my Committee is in the matter of reduction in the charges in the handling of cotton, as, with the lower price yield, the incidence of such charges has become tremendously heavier. The most important item of charges in the handling of cotton is the railway freight. My Committee have already approached the Railway Board with a request for a substantial reduction in the freight rates for cotton.

The ginning and pressing charges are an important item in the marketing of cotton and efforts should be made to get these charges reduced to a minimum. My Committee understand that in some places the ginning and pressing charges are very high. It is, therefore, necessary that in this emergency the Government of India should bring about a reduction in these charges, fixing, if necessary, a maximum charge by law as a temporary measure. The charges to be fixed will, of course, have to be in keeping with the present low price of cotton and, at the same time

such as would provide a minimum economic return on capital invested to the gin and press owners. My Committee realise that there are gins and presses in Indian States' territories and in order that the benefit of such reductions may be available to cotton coming from such areas also, it is necessary by appealing to the authorities of Indian States for their cooperatien to get the same scale of maximum charges made applicable to gins and presses in States' territory. As the benefit resulting by such a step would equally assist farmers in States' territory, my Committee believe that the authorities there should be willing to fall in line.

No Municipality or Local Body should impose any duty or levy on cotton; the collection of such levies, wherever in force, should, as an emergency relief, be suspended. Here also it will be necessary to persuade the authorities of such Indian States in which there may be levied export or other duties on cotton to suspend the operation of such imposts as a temporary measure.

The distress caused to the cultivators will naturally cause them difficulties in the matter of payment of land revenue. It is, therefore, necessary that some consideration should be shown to farmers in this regard also. The Government of India may well persuade the various Provincial Governments to give every facility to cotton farmers in the payment of revenue dues.

My Committee recognise that in the matter of implementing almost all of the above suggestions, the necessary action has primarily to be taken by the Provincial Governments and in some cases by coordinated action by authorities of Indian States. In view, however, of the fact that the problem is of an all-India character, my Committee have, instead of writing separately to the various Provincial Governments thought it fit to address the Government of India and to request their sympathetic intercession in the matter. My Committee hope that the Government of India will be pleased to accept their suggestions and to approach

the Provincial Governments concerned and the authorities of Indian States and by coordinated efforts bring about the necessary measures of relief.

APPENDIX 80

Import Duty on Cotton

Letter No. 3149/33 *dated 23rd November* 1937 *from Government of Bombay, Finance Department, to Chamber*

I am directed to state that Government view with concern the fall that has taken place in the price of cotton and are considering what steps may appropriately be taken by them to give relief to the cotton grower. It has been suggested to them in this connection that one remedy would be to raise the import duty on those varieties of foreign cotton which compete with Indian cotton in India so as effectively to shut them out during the current year. Before considering whether the Government of India should be moved in the matter, the Government of Bombay desire to know the views of your Chamber on this proposal. I am directed to request that they may be kindly forwarded to this department very urgently.

Letter No. 3478 *dated 18th December* 1937 *from Chamber to Government of Bombay*

I am directed by my Committee to refer to your letter No. 3149/33, of the 23rd November 1937, addressed to the President of the Chamber, and in reply to communicate to you hereby their views on the subject-matter of the same.

2. My Committee have been giving anxious consideration to the situation created by the depression in the price of Indian cotton and any efforts to afford relief to the cultivator in this crisis will be generally appreciated.

3. My Committee agree that it is necessary in this emergency to secure to Indian cotton grower some relief from the competition of foreign cotton and they would welcome any steps to eliminate or minimise this competition by the imposition of an embargo on the imports of cotton upto 15/16 inch length of staple which may seriously compete with Indian cotton or by an increased import duty on the same. It is necessary, however, that such action should be confined exclusively to cotton which is in active competition with Indian cotton, viz. cotton of 15/16 inch staple and under. My Committee would like to make it clear that, in their opinion, nothing in the nature of an import duty or prohibition should be imposed on the imports of higher staple cotton and therefore they are stressing this point that any action Government may consider desirable in the matter of eliminating foreign competition should be confined to short staple varieties, viz. 15/16 inch and under. My Committee are in fact emphatic that India cannot do without staple cotton and it would be a disaster if the present import duty of half an anna is in any way increased on cotton of more than 15/16 inch staple. This distinction is also necessary in the interests of the cotton textile industry.

4. There is already an import duty of half an anna per lb. on all foreign cotton imported into this country. My Committee suggest that steps may be taken either to secure an increase of this duty to one anna on cotton upto 15/16 inch staple or its complete prohibition for one year only. In their opinion, either measure will afford the necessary protection to such Indian cotton as really needs to be protected.

5. My Committee, therefore, request that the Government of Bombay should move the Government of India to secure either complete prohibition or an increase in the import duty on the above lines for a period of one cotton year only.

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APPENDIX 81

Cotton Committee of the All-India Congress Committee

Letter dated 18th November 1937, from the Convener, Cotton Committee of the All-India Congress Committee to Chamber

You are aware that, at the last meeting of the All-India Congress Committee, the question of the distress of the cotton cultivators from the slump in cotton prices was considered and it was decided to appoint a Committee consisting of Sjt. Bhulabhai J. Desai, Seth Jamnalal Bajaj and Sjt. Shankerlal G. Banker, to enquire into this matter and to recommend such measures as they considered advisable in the interests of cotton growers in India. Meetings of this Committee took place on 15th and 16th November, 1937, and the Committee has directed me to send you a questionnaire, which they have prepared, with a request that the reply thereto should be prepared by your Chamber at an early date and sent over to me at the above address.

The Committee is required to submit their report at an early date and, under the circumstances, they request that your replies should not be delayed.

THE ALL-INDIA CONGRESS COMMITTEE
COTTON COMMITTEE

Questionnaire

MIRJAPUR,

Ahmedabad, 18th November, 1937.

(1) Please give the figures of production of cotton in India for the last ten years and also of the export thereof, and the imports of cotton in India.

(2) Of the quantity not exported, how much is used by the mills and in what manner is the rest used ?

(3) What are the principal cotton crops in the world and how has there been an excess of production this year ?

(4) Will you indicate the course of prices in Bombay during the last ten years ?

(5) In your opinion, is the price in Bombay of cotton lower than is justified by the situation, or higher ?

(6) In your opinion, is the organization of the market in Bombay for forward delivery and for hedge contracts, satisfactory, and does it work in a manner which does not unnecessarily depress the prices of Indian cotton over a number of months in the year ?

(7) Is it true that, normally the Japanese and other foreign houses are using the Bombay market to hammer down prices of Indian cotton ? Is it true that often they have forward transactions in Indian cotton not merely as a hedge against any operations in Bombay, but as a hedge against operations in other markets of the world ? Can it be said generally that even Indian firms, who have straddle transactions, use the Indian market for selling while they act as bulls in foreign cotton centres ?

(8) What would be the volume of straddle business done in this country with reference to the normal *bona fide* business (*i*) for ready delivery, and (*ii*) for forward delivery ?

(9) Do you think the situation relating to the prices of Indian cotton sufficiently grave for any measures to be taken by the Governments, Central or Provincial ?

(10) Amongst the ideas suggested as a remedy and a help to the Indian peasant, are the following :—

(*i*) Reduction of freight;

(*ii*) Prohibition of import of foreign cotton of staple and quality similar to that of Indian cotton ;

(*iii*) Regulation of the area under cotton cultivation in various parts of the country ;

(*iv*) Regulation of ginning and pressing charges;

(*v*) Credit facilities to cultivators ;

(*vi*) Facility to cultivators in respect of payment of revenue dues;

(*vii*) Regulation of forward and speculative dealings in cotton so as to help towards the maintenance and stabilisation of the prices of Indian cotton at a level remunerative to the cotton cultivator.

Will you kindly state your views as to the feasibility and the desirability of one or all of the above suggestions ?

(11) Have you any other suggestions as to any other measures, which would lead to a stabilisation of the price of Indian cotton at a remunerative level and afford adequate relief to the cultivator this year as well as in the following year ?

(12) Cut of the reported price in Bombay of Rs. 160, how much actually reaches the cultivator, i. e. what are the charges for three or four principal centres for illustration, which have to be paid out and which are, therefore, discontinued in the purchase price, made from the Indian cultivator ?

(13) What is the cost of production to the cultivators in different cotton growing areas as far as these have been revealed by inquiries made till now ?

(14) Generally, in your opinion, is the price ranging between Rs. 150 and Rs. 160 for Broach a price, which renders the cultivation of cotton unremunerative to the cultivator ?

Letter No. 3518 *dated 22nd December* 1937 *from Chamber to the Cotton Committee*

I am directed to acknowledge the receipt of your letter of the 18th November, 1937, forwarding a questionnaire prepared by your Committee, and to give below the views of my Committee.

Question 5: Indian cotton is higher in price from the point of view of international parity.

Question 6: The organisation of the cotton market in Bombay for Forward delivery and hedge contracts is satisfactory under the circumstances under which it has to function.

Question 7, 8 & 9: My Committee are interested in the cotton question from a general point of view. The technical aspects will be dealt, my Committee presume, by the cotton interests concerned. My Committee are, however, interested so far as the interests of agriculturists, as also the general trade and the general economic interests of the country are concerned, which means that they will deal with the questions set forth in your questionnaire from an angle of vision which, where it may not differ radically from that of trade Associations concerned, will at the same time be their own. The heavy drop in cotton prices witnessed recently has affected vitally the interests of cotton growers and the Committee of this Chamber have already approached Government with several suggestions in the shape of lower railway freight rates, lower ginning and pressing charges, suspension of terminal taxes wherever imposed by local bodies, etc., in order to secure some relief for agricultural interests. There is, however, another problem to which my Committee are devoting some attenion recently, and this is the question of the impost of an import duty on cotton of staple lower than one inch. This question has been taken up by the Government of Bombay also, who are consulting different commercial interests regarding the feasibility and advisability or otherwise of such a measure. My Committee have, after serious consideration, come to the conclusion that it will be in the interests of cotton growers, as also the general interests of the country that such a duty should be levied. They realise that there is already a duty of half an anna per lb. on all foreign cotton imported into this country. At the same time, the situation which exists today has to be met and that too, very soon, as, as my Committee have

pointed out, cotton has witnessed a fall in prices and this has inflicted a great blow on the agriculturists. At the same time, American cotton is lower in parity than Indian cotton at present, and this has led to the natural fear that the American cotton of lower staple than one inch may come in to pretty good extent to compete with Indian cotton. America was not upto now exporting lower staple cotton in any considerable quantities, but this year it is apprehended that America may export large quantities of lower . staple cotton to this country. So far as the enquiries of my Committee go no large contracts have yet been made, but looking to the present parity, it is not unlikely that there may be even 100,000 bales or more of lower staple American cotton imported into this country in the next few months. It is because of this consideration that my Committee have come to the conclusion aforementioned that an import duty should be levied, as an emergency measure, on lower staple American cotton. The situation which faces the cotton trade and cotton growers is grave and serious and my Committee will appreciate any measures that can be adopted to meet it. There is a reference to hedge contracts in your Question No. 7, and all that my Committee wish to say is that if the hedge contract or anything else tends to improve the market let such a step be taken by all means.

Coming to Question No. 10, my Committee have, in the general statement above, practically replied to all the different sub-questions. In order to emphasise, however, the views and to make them clearer, they beg to give the following replies to the different sub-questions :—

(1) Yes.

(2) My Committee are in favour of prohibition of imports of foreign cotton of 15/16 inch staple and under, as an emergency measure for this cotton year.

(3) Any reduction in our area is not going to affect world prices. Looking to the present

price of cotton, however, the agriculturists will automatically reduce their area next year.

(4) Yes.

(5) Yes. Credit facilities should be given to the cultivators and necessary arrangements made with the Banks and Co-operative Societies.

(6) Yes.

(7) This may be further examined.

Question 11: My Committee are informed that freights to Europe are higher than those to Japan. It may be suggested that, if possible, suitable action with regard to this may be taken.

Question 14: In the opinion of my Committee, the price ranging between Rs. 150 and Rs. 160 for Broach is a price which renders the cultivation of cotton unremunerative to the cultivator.

APPENDIX 82

Slump in Cotton prices and reduction of Railway freight on Cotton

Telegram dated 11th November 1937 from Chamber to Railway Board

Committee Indian Merchants' Chamber strongly urge that considering heavy depression in cotton prices substantial reduction in Railway freight on cotton imperative. In this connection Committee have seen the case submitted by East India Cotton Association and same has their general support. Present freight rates on cotton fixed at a time when cotton prices ruled high and therefore the incidence of such rates in relation to prevailing low price much heavier. Committee consider a reduction in freight as a necessary and first step to alleviate the distress caused to cotton growers by fall in prices. Such a

reduction in the interests of Railways as otherwise on existing price parity movement of cotton may be jeopardised.—Inchambu.

Letter No. 981/G411 dated 5th November 1937 from East India Cotton Association to Railway Board

I have the honour to inform you that the Board of Directors of my Association view with grave concern the low prices at present ruling for Indian cotton. They feel that in order to relieve, to some extent, the acute distress which the low prices for cotton will bring to farmers all over India, the first and most important step which could be taken would be a substantial reduction in railway freight on cotton. They have therefore resolved to request the Government of India to make a substantial reduction in the railway freight on cotton with a minimum reduction of 35% on all railways except the G. I. P. Railway in which case the reduction should be 50%.

2. That the reduction asked for by the Board of Directors of my Association is both fair and equitable may be seen from the enclosures to this letter. I am to refer to a representation (copy enclosed) made to you in October 1931 by my Association in collaboration with the Indian Central Cotton Committee, Bombay Chamber of Commerce, Indian Merchants' Chamber and the Bombay Millowners' Association. I am also to enclose a monograph prepared by Mr. R. G. Saraiya of Messrs. Narandas Rajaram & Co., who are a member of this Association. While all the details in the enclosures may not be quite applicable at present, the main issues discussed are the same and apply with greater force today than even in 1931.

In short, the railway rates on cotton in India have been stabilised at the high level which ruled in the post-war years of boom. Commodity prices since then have fallen. In the case of Indian cotton they have fallen below the pre-war level but the level of railway freight remains the same—at what may be called the boom period level. While the railway freight has been increased by 50% to 100% over the pre-war level, the price of cotton

has fallen below the pre-war level with the result that the incidence of freight has been more than doubled.

3. The necessity for a reduction in the freight on cotton has been made all the more urgent by the new cotton policy of the U. S. A. Government. For some years past the Government of the U. S. A. supported the price of cotton by restriction of production and by means of loans to their farmers. That policy has now been reversed, and instead of American cotton remaining high above the world's prices of cotton, it is competing with Indian cotton in all the world's markets. Not only has the American crop increased to nearly 18,000,000 bales but the selling of that crop has also been artificially assisted, and its competitive power accentuated by a subsidy of 3 cents per lb. of cotton which the American farmer receives from his Government. Indian cotton, as the Government of India are no doubt well aware, has to be exported to the tune of over 3,000,000 bales; it has to sell in parity with American and other foreign cotton in the world's markets; and a proportionately larger quantity of the American crop than normal is low grade cotton directly competing with Indian cotton, and the price which Indian cotton can get is determined in the world's markets in the full blast of such State aided and bounty fed competition; and from that price steamer freight, railway freight and handling charges have to be paid before it can be made available to the Indian farmer. The Board of my Association have reason to believe that in India, railway freight forms the largest single item of such reduction, and, as explained above, it has been stabilised at a level which was justified only—if it was ever justified—in the post-war boom years. There is therefore the strongest possible case for an immediate reduction in the freight on cotton.

4. I am further to observe that incidentally it would be also in the interest of the railway companies in India to reduce the freight on Indian cotton at this juncture. Large quantities of cotton were imported into Bombay last season by road. Direct statistics of the imports of

raw cotton by road are not available but the Trade estimate that during the last season 200,000 bales were imported by road into Bombay and in the next season the imports may well run into much higher figures. Further, it is apprehended in some quarters that in view of the extremely low prices ruling at present, a part of the cotton crop in Berar, the Central Provinces, Sind, the Punjab and the United Provinces may not be picked at all. Finally the extremely low prices ruling at present is certain to discourage cotton cultivation to such an extent that Indian railways may be faced with a serious loss of traffic in succeeding years. Looking ahead, therefore, the railways should in their own interests accept the Board's recommendations and give immediate effect to reductions in freight with the same promptitude with which freight was raised by succeeding steps in 1917, 1921 and 1922.

5. My Board wish to point out that the Indian cotton crop will commence to move within the next few days. Hence any relief that may be announced by Government must be immediate, if it is to be of practical value to the grower of Indian cotton. If the assistance required by the Cotton Trade and the Cotton grower in this matter is not forthcoming, the effects of present conditions in the world's cotton market are bound to be most prejudicial to the interests of the grower of Indian cotton. My Board realise that any legislative measures to meet the present situation would take some time before they could be put into effect. They, therefore, urge the Government of India to give immediate and serious consideration to the question raised in this letter and agree to accept their recommendations, namely, that the railway freight on cotton should be reduced by a flat rate of 35% on all railways except the G. I. P. Railway in which case the reduction should be 50% as the scale of rates on the last-named railway is considerably higher than that on other railways.

6. In order to meet the apprehension that the reduction which may be sanctioned by Government to meet

the present emergency may be regarded as permanent by the agricultural and commercial communities, the Board desire me to make it clear that should the Governor-General in Council be pleased to comply with the request of the Board herein without any avoidable delay, they, at any rate, would not expect the Government of India to keep on, as a permanent relief, the rebate or under-charge that may be sanctioned by Government in compliance with the Board's request. When prices of Indian cotton go up to a level which may be less ruinous or more remunerative to the cotton grower, my Board would have no objection to the Government either modifying or withdrawing the concession that they may now make. My Board realise that the fixation of a permanent basis for freight rate may be considered as being a matter for inquiry and decision thereafter. At the present juncture there is no time for such an inquiry being held and my Board desire that an assurance may be given to the Governor-General in Council that they would not look upon compliance by Government with their present request as creating a precedent for the lower basis of rate for ever for Indian cotton. My Board may, however, press for a permanent lower basis being adopted on its own merits after inquiry, as indeed they have done before now.

Letter No. 1505-*T dated 24th December* 1937 *from Railway Board to Chamber*

With reference to your letter No. nil dated 11th November 1937 supporting the request made by the East India Cotton Association, Bombay, for a reduction in the railway freight rates on cotton, I am directed to enclose, for information, a copy of the Railway Board's letter No. 1505-T., of date to the address of the Secretary of that Association.

Letter No. 1505-*T dated 24th December* 1937 *from Railway Board to East India Cotton Association*

With reference to your letter No. 981/G/411 of the 5th November 1937 I am directed to state that the

question of a reduction in the freight rates on cotton was examined by the Government of India in considerable detail on the representation made in 1931 by your Association and other trade organisations interested in cotton, and the conclusion then arrived at was that there was no justification for the general reduction suggested.

2. It is observed that your Association's present representation urges a substantial reduction now, as a temporary measure, with reference to the following considerations :—

(*i*) the present low prices ruling for Indian cotton ;

(*ii*) the present policy in the United States of America which tends to accentuate competition with Indian cotton in the export market ;

(*iii*) the fact that railway freight rates on cotton are from 50 to 100% above the pre-war level ;

(*iv*) the necessity for counteracting the tendency for cotton to be carried by road instead of by railway ; and

(*v*) the possibility that a part of this season's cotton crop may not be picked and that therefore cotton cultivation may be restricted during the next season.

These points are dealt with *seriatim* in the following paragraphs.

3. In regard to the first two points, I am to say that while the Government of India have watched with no small concern the collapse in price of cotton, they are unable to agree that the manipulation of the railway freight rate is a suitable method of relief to the cotton producer. Nor is it considered to be sound policy to alter freight rates from time to time to meet trade fluctuations. Such a policy if it were to put into effect generally—and a precedent of this nature once created would inevitably lead to insistent demand for its extension —would mean that in a period of falling prices, which

also generally coincides with a period of trade depression resulting in a falling off in the volume of traffic, Railways would be sacrificing revenue when they could least afford to do so. Moreover, the adoption of such a policy would also introduce a serious element of uncertainty in the calculations of the trader which would react unfavourably on trade conditions generally.

4. The third point which has reference to the allegation that railway freight rates on cotton are substantially higher now than in the pre-war period is so frequently repeated that it appears to be necessary to state the position in some detail. Prior to the war, the rates over the principal railways concerned with the cotton traffic were as follows :—

	Pie per maund per mile.
Great Indian Peninsula Railway : over G. I. P. section, (which carries the bulk of the traffic)	0.80
Great Indian Peninsula Railway : over other sections	0.50
Bombay, Baroda and Central India Railway	0.50
North Western Railway	0.33

Apart from these rates which applied generally over the respective systems, special rates were quoted :—

(*i*) by the Bombay, Baroda and Central India Railway to Bombay, from stations in the competitive zone, i. e. Delhi, Bhatinda, Hissar and other neighbouring stations, based on the North Western Railway rates ; and

(*ii*) by the North Western Railway to Karachi from stations in the competitive zone as above, based on the rates obtainable by the shorter metre gauge route, and also from other internal stations.

The North Western Railway's specially low rates to Karachi were determined not by the requirement of the

trade, but by the stress of competition with the Bombay, Baroda and Central India Railway in the endeavour to obtain for Karachi as large a share of the export traffic as was possible.

The practice of having, for traffic to the ports, lower rates than those generally applicable was peculiarly subject to adverse criticism in so far as it was interpreted to indicate a tendency to discriminate against the internal trade of the country. Therefore, when in 1916 it was felt that the time was opportune for a change to be made in the rates in force at the time, the North Western Railway cancelled their special rates to Karachi and applied the 0.33 pie rate for all movements (i.e. both for internal traffic and traffic for Karachi). Certain special rates, however, were still quoted from stations in the competitive zone based on the rates obtainable by the metre route.

While the 1916 change in the North Western Railway rates removed the grounds for criticism against that Railway's practice, it did nothing to correct the anomalous position in which a lower scale of rates applied on this railway than on the other two railways, viz., the Great Indian Peninsula and Bombay, Baroda and Central India whose experience had shown that cotton could stand a higher basis of charge. Moreover, the lower scale of rates over the North Western Railway forced the Great Indian Peninsula and Bombay, Baroda and Central India Railways to quote to Bombay, from stations in the competitive zone, rates based on those applicable by the North Western Railway's route to Karachi, as against the higher scale of rates applicable from all other stations on their respective systems to Bombay. To remove this anomaly, which admittedly savoured of preferential treatment from the view point of producers in Central India, the North Western Railway agreed in 1919 to bring their general rate into line with that applying on Indian Railways generally, i. e., 0.50 pie per maund per mile. Compared with the rates in force after the 1919 enhancement, the present rates over the North Western Railway are only about 25% higher.

This increase of 25% followed the general enhancement made on all Indian Railways in 1922 to obtain increased revenue to meet the post-war increase in the working expenses of Railways. The Bombay, Baroda and Central India and Great Indian Peninsula Railways cotton rates are, therefore, also now generally 25% higher than the pre-war rates.

5. The Government of India are aware of the serious effect which road competition is having on railway revenues and they are satisfied that, so far as it lies within the powers of individual railway administrations, suitable action continues to be taken to meet the conditions that have been created. Further steps to secure the proper co-ordination of all forms of transport and the elimination of uneconomic competition are engaging their urgent attention, but it would, in the opinion of Government, be unwise for Railways to reduce their freight rates all round merely to meet competition. The more practicable course—and the one that has been generally adopted by Railways—is to improve their existing services and to reduce their rates from and to those points where competition is more or less intensive.

6. In regard to your Association's fifth point, that is, the effect of the present low prices on the grower, I am to say that while the Government of India do not desire to minimise the possibilities which your Association apprehend, they consider that no feasible reduction in railway freight rates would have any appreciable influence on the position. On the other hand, they have calculated that the grant of the desired concession would involve a reduction in railway revenues of approximately one and half crores. In deprecating such a loss they have in view not only their own interests but those of the provinces, any amount available for distribution to which, under the Niemeyer Award, would suffer a consequential reduction.

7. In view of the considerations detailed above, and also because any reduction in the freight rates for cotton based on other than purely railway tariff considerations

would be practically indistinguishable from a subsidy from railway revenues to support the cotton market, the Government of India regret their inability to accede to your Association's request.

Letter No. 445 *dated* 10*th February* 1938 *from Chamber to Railway Board*

I am directed by my Committee to acknowledge receipt of your letter No. 1505-T of the 24th December 1937, on the above subject, and to address you further in the matter as under :—

At the outset, my Committee wish to express their grievous disappointment at the decision of your Board not to accede to their request made by my Committee and the various other commercial associations for a reduction in the freight rates on cotton. Their regret is made all the more deeper by the fact that in coming to the said decision considerations of immediate financial effect on the revenues of the Railways by any such reduction have outweighed the larger issue of the economic interests of the country and of the issue of the plight of the Indian cultivator in the crisis through which he is passing. Such a policy has evoked strong comments and criticism from the public in the past. In their memorandum submitted to the Railway Enquiry (Wedgwood) Committee, my Committee made pointed reference to this shortcoming in railway policy in the following words :—

> "In conclusion, this Chamber would like to press before this Committee their firm conviction based on long experience and observation of the working of Railways in India that a pre-requisite change in the policy of the department towards recognition of the position occupied by railways in the economic and social life of India. There is perhaps no other department in a country of such vast distances like India which has within its scope possibilities of rendering service which far transcends in its ultimate reaction on our economic life than mere facilities for transport

of goods and passengers. The railways in modern civilised conditions are literally the feeders of our economic life....."

It is a tragedy that the authorities are still not prepared to recognise the duty of railways as a national carrier, working under privileged conditions, to subserve the general economic requirements of trade, commerce and agriculture of the country.

Even on purely railway considerations the attitude of your Board, my Committee are constrained to observe, cannot be justified. In your communication, you observe that some years back the freight on cotton was raised because it "could stand a higher rate". If an increase is sought to be justified on the ground of "capacity to bear", surely, is it not logical on the same ground and for the same reason to agree to a reduction when that "capacity" has been considerably crippled end curtailed? The catastrophical drop in prices of cotton has almost doubled the incidence of existing rates and even assuming that the existing rates were such as the commodity could *stand* in relation to the then prevailing prices, it stands to reason that the said rates cannot be borne by it in relation to current prices. If it suited the Railways to apply the test of capacity to bear in making an increase some years back, it is but asking for justice and to return the same treatment that the same test be applied in dealing with an application for a reduction.

Your reply points out that the railways would be losing revenue to the extent of a crore and half of rupees, if it agreed to the reduction. This appears to my Committee to be a narrow view. They venture to ask whether your Board are confident that cotton will continue to move freely to the same extent as before under the altered circumstances. They are inclined to think that the traffic in the commodity may be adversely affected if the freight rate is not adjusted to the current requirements and the consequent dislocation in trade in that commodity would, in years to come, leave a permanent effect on the earnings of the railways. My

Committee understand that even in this short interval, movement of cotton has been affected and such a position would be aggravated if the Railways do not realise that need for reducing the burden of the transport charges.

In this connection, it will not be out of place to point out that when it suits particular railways they have been reducing the rates to meet certain exigencies. Thus the B. B. & C. I. Railway has been quoting reduced rates for cotton from Bombay to stations in Gujarat to meet the situation arising out of the competition experienced in the traffic by the railway via Bhavnagar. This railway has also been quoting seasonally reduced rates for certain other commodities like rice. The objection to a reduction in rates on principle that "it is not sound policy to alter freight rates from time to time to meet trade fluctuations" cannot, therefore, stand. Then again the N. W. Railway quoted specially reduced rates for cotton under certain conditions from stations in the Punjab to Cawnpore booked through the British Cotton Growers' Association, which has led to a grievance that the said Railway administration was favouring large scale particular interests to the detriment of the small merchants. It is, therefore, not possible to sustain the argument that it is wrong in principle to alter the rates periodically to meet particular situations.

In conclusion, my Committee would submit that the Board should realise that factors of an international character are playing a not unimportant part in the causes which have led to the crisis in the cotton trade. The Government of India and your Board cannot also be unaware of the steps taken elsewhere by the Government of that country, to meet what they consider to be the requirements of their agriculture and trade. In the face of such factors, a policy of *laissez faire* here will only accentuate the feeling against the railway administration that their policy and programme is not correlated to national economic needs and requirements.

Letter No. 1505-T dated 21st March 1938 from Railway Board to Chamber

With reference to your letter No. 445 dated 10th February 1938, I am directed to enclose herewith a copy of the Railway Board's letter No. 1505-T dated the 15th March 1938, to the East India Cotton Association Limited, Bombay, in reply to a similar representation from that body.

Letter No. 7146-T dated 10th May 1938 from Railway Board to East India Cotton Association

With reference to your letter No. 1517/G-411 dated the 22nd November 1937 conveying your Board's protest against the action of the N. W. and E. I. Railways in notifying a rebate of 20% on the freight on cotton booked from stations on certain sections of the N. W. Railway, I am directed to state that it is observed objection has been taken :—

(*i*) to the rebate given only on consignments booked to Cawnpore, as it discriminates between various competing centres;

(*ii*) to the condition of a minimum weight of 75,000 maunds being despatched within a specified period, as it discriminates between large and small despatchers.

As regards (1) above, I am to say that whilst the existing arrangement continues in force, the railways concerned are prepared to allow a rebate on the freight charges for despatches to other centres where conditions warrant it, e. g. Delhi and Morar Road, to which stations the rebate arrangement has since been extended.

In regard to the second point, to which objection has been taken I am to say that the imposition of the minimum weight conditions was coupled with the suggestion that no traffic would be despatched by any other means of transport and that this condition has commended itself to several other firms who have entered into a similar agreement as that

to which your Association have objected. The arrangement is, however, of an experimental nature introduced with the object of testing the possibilities both of regaining to the rail, traffic which had been diverted in increasing quantities to the road and of assisting the cotton trade. The Agents, East Indian, Great Indian Peninsula and North Western Railways will, in due course, review the position, and should they find that the results achieved by the rebate arrangement during the current cotton season have not been commensurate with the object for which it was designed, it will be allowed to lapse automatically at the end of August next.

APPENDIX 83

Third Report of the Lancashire Indian Cotton Committee

Letter No. 2195 dated 12th August 1937 from Chamber to the Lancashire Indian Cotton Committee

The Committee of the Indian Merchants' Chamber have considered the Third Annual Report of the Lancashire Indian Cotton Committee, which was sent for their information, with your letter of the 8th February 1937, and I am directed to communicate to you hereby their views on the same.

My Committee realise that exports of Indian cotton to United Kingdom in recent years have increased, but they must point out, that in relation to the total exports of cotton from India, the U. K. off-take and the small increases therein during the last three years are negligible, as will be evident from the following figures.

Exports of Indian Cotton

(*In 1000 bales of 400 lbs.*)

Year (August 1st to July 31st)	Total exports to all countries*	Exports to United Kingdom*	Exports to U.K. as a percentage of the total.
1932/33	2,868	257	8.6%
1933/34	3,270	367	11 %
1934/35	3,115	374	12 %
1935/36	3,826	533	13.9%

*From the figures compiled by the Indian Central Cotton Committee.

My Committee are advised that the parity of Indian cotton was also a contributing factor to the small increases in the exports to U.K.

My Committee further desire to point out that the statement in the Report, *vide* pages 15 and 16, to the effect that adequate supplies of superior types of cotton were not available in India for purposes of export, is, in their opinion, significant and indicates either reluctance on the part of U.K. buyers to purchase Indian cotton or their incapacity to do it.

My Committee also wish to record their emphatic protest against the implications contained in the concluding paragraphs of the Report in question. It is suggested that if the claims of Lancashire textile industry for increased markets in India are not adequately recognised by the Indian public and the Indian authorities, the efforts to stimulate greater use of Indian cotton in U.K. were bound to be retarded. It is not fair to form conclusions in this regard by isolating cotton and piecegoods in the Indo-British trade. It must be remembered that besides cotton piecegoods, India is and has for a long time been, a very lucrative market for the various manufacturing industries of Great Britain. It may also be pertinently pointed out that apart from such a trade position, the English Banking and Insurance Companies are doing business in India on a vast scale and the invisible imports into this country on these and other accounts are of sufficient magnitude.

The development of the Indian textile Industry is a matter of permanent importance to this country. It is an industry which is the best purchaser of the cotton produced by the Indian agriculturist and a large employer of Indian labour and talent. Under the circumstances, the ideal of making India self-sufficient in regard to her requirements of cotton textiles is one which would appeal to all who are willing to face facts in the proper perspective and my Committee venture to suggest that, if in the furtherance

of such an ideal, India takes the necessary steps to protect adequately her textile industry from foreign imports, be it from U.K. or elsewhere, such steps should be considered as legitimate and should not give occasion for complaints from any quarter.

My Committee wish to make it clear that any demand from U.K. for reduction in the rates of duty levied on imports into India of piecegoods from that country on the strength of any efforts to increase the off-take of cotton by U.K. will not find favourable reception here. Judged from this standpoint, my Committee deplore the concluding paragraph of the Third Report of the Lancashire Indian Cotton Committee.

Letter dated 9th September 1937 from the Lancashire Indian Cotton Committee to Chamber

I am directed to acknowledge receipt of your letter of the 12th August, Ref. No. 2195, and to inform you that the members of the Committee are interested to receive your Committee's comments on their third Annual Report. In reply thereto they can only say that all the statements contained therein are based on the best information available.

You may rest assured that the Committee will do everything in its power to secure a continued increase in the takings of Indian cotton by the United Kingdom.

APPENDIX 84

The Industrial Research Council

Letter No. 1723 dated 19th June 1937 from Chamber to the Secretary, Industrial Research Bureau

My Committee understand that at the next meeting of the Industrial Research Council the question of the erection

of a model Glass Factory is to be discussed. My Committee feel that efforts in this direction are overdue and hope that the Council would decide in favour of starting such a factory. In this connection they may be allowed to suggest that the proposed factory should be erected in Bombay. Several experiments have been made in Bombay during the last three decades with regard to starting a Glass Factory and some of the experiments did turn out successful and there were at one time or the other half-a-dozen Glass Factories running in the City. Bombay is a city of vast industrial importance and my Committee presume that the raw materials for the Glass Factory will be as much available in this City as in any other place. When an experimental factory has to be started, it is essential that the place where it is to be started should be an industrial one with all sorts of factories being conducted there. There are uses for glass in every factory and with the development of modern science glass is more and more in demand in several industries. It is, therefore, advisable that the proposed glass factory should be started in Bombay.

My Committee would also like to suggest for the consideration of the Industrial Research Council that

(1) Research may be carried on for the manufacture of Soda Ash for glass, and

(2) Manufacture of pulp for paper and of finer variety with larger content of Alpha Cellulose for superfine Paper and Rayon products.

Letter No. R120/4 dated 25th June 1937 from the Industrial Research Bureau to Chamber

Will you kindly refer to your letter No. 1723 dated the 19th June 1937. suggesting certain subjects for the consideration of the Industrial Research Council at their forthcoming session in Bombay.

Your first suggestion is regarding the question of erection of a model glass factory. I am afraid, however, that your Committee has been mis-informed regarding this,

as the question of erection of a model glass factory is not under consideration by the Industrial Research Council. An improved pot type glass furnace has been designed by the Industrial Research Bureau and on the recommendation of the Industrial Research Council, arrangements have been made for a furnace of this design to be constructed in a selected glass factory at Firozabad, U.P. and it is expected that this furnace will have been erected and set to work by the end of the present year. It is hoped with the aid of this furnace to effect not only considerable economy in fuel consumption but also higher working temperatures, which will enable the comparatively high and costly content of soda ash to be reduced. On the recommendation of the Industrial Research Council, investigations and tests are in progress in the Reasearch Branch at the Government Test House, Calcutta, on raw materials in use by the glass making industry. In this connection, I would refer you to the Annual Report of the Industrial Research Bureau for the year 1936/37 which is on the point of publication.

As regards your proposal that research should be initiated on the manufacture of soda ash, I have to inform you that the question of manufacture of soda ash in India is under active consideration by Messrs. Imperial Chemical Industries (India) Ltd., who have already decided to build an alkali factory in the salt range of the Punjab, one of the products of which will be soda ash.

Your third suggestion is that the Council should consider the question of manufacture of pulp for paper and rayon products. As regards the latter, I may inform you that the Industrial Research Bureau has for sometime past been investigating the industrial and economic details affecting the manufacture of artificial silk in India on behalf of the Indian Central Cotton Committee, to whom a report on this work will be issued in due course.

APPENDIX 85

Publication of Official Crop Forecasts

Letter No. 3107 *dated* 17*th November* 1937 *from Chamber to the Director of Agriculture, Poona*

The seeds Traders' Association, Bombay, have forwarded to my Committee a copy of their letter to you dated 22nd October regarding the preparation and publication of Official Crop Forecasts. My Committee have no doubt that you will appreciate the force of their request for an early and more timely publication of these Forecasts; otherwise trade naturally is handicapped by the absence of reliable information. They, therefore, support the suggestion of the Association that efforts should be made to make these reports available much earlier than at present.

Letter dated 22nd October 1937 *from the Seeds Traders' Association to the Director*

I am directed to bring the following to your notice in relation to the crop forecasts issued by your Department.

You are aware that the area under cultivation, the total yield as also Exports of Oil-seeds are on an increase in our Presidency. The local consumption also is gradually expanding. The business community during the months of the monsoon carry on their transactions, mostly relying upon the conflicting reports received by them from their agents in the interior. The reports differ, as is natural, when the seasonal factor is liable to be judged differently by different persons. They are also based on information which is not always authentic and reliable. So far as the Traders are concerned, therefore, the whole atmosphere hanging around them is foggy. The publication of Official reports, helps a good deal to clear the air and putting the business community in possession of reliable data.

The importance to the Trade of Crop forecasts having been thus universally acknowledged, the business community

desire that they should be made available to them as early after their publication as practicable. While making this suggestion my Association is not unmindful of the great improvement already made in this direction but trusts that your department's efforts in this direction would be unremitting so as to make the compilation, publication and distribution of forecasts in the shortest possible time.

On going through the second forecast for Groundnut published by the Government of Madras, I find that they are giving figures of acreage, yield etc., separately per district. I believe you will agree with us that it would be better to frame forecasts for our crops on similar lines.

Trusting that the suggestions will meet with your approval and adopted early.

Letter No. P-149 dated 29th November 1937 from the Director to Chamber

With reference to your letter No. 3107 of the 17th instant on the above subject, I have the honour to enclose for your information a copy of my letter No. P-149 of the 1st instant addressed to the Secretary, The Seeds Traders' Association, Bombay, in reply to his letter of the 22nd October, 1937, referred to in your letter under reference.

Letter No. P-149 dated 1st November 1937 from the Director to the Seeds Traders' Association

With reference to your letter of the 22nd instant on the above subject, I have the honour to state that the forecast reports on the various oil-seed crops published by me are issued so as to reach the Director General of Commercial Intelligence and Statistics, Calcutta, on certain specified dates. The reports are sent to the Press for printing generally on the very day on which they are sent to the Director General of Commercial Intelligence and Statistics with instructions to the Press to take up the printing as early as possible and to distribute copies of the reports immediately after printing.

2. As regards your suggestion to frame forecasts on the groundnut crop of the Bombay Presidency on the same lines as is being done in the Madras Presidency, I may observe that I issue three forecast reports on groundnut crop during the season. As per orders of the Government of India relating to forecasts of crops the first of these reports gives a rough estimate of the area shown under the crop, with information regarding the effect of rain and weather conditions at the time on the seedlings; the second report contains more complete information about the area and the prospects of the crop while the third gives the final statistics of area and probable outturn of the crop and includes district figures. In the Madras Presidency a summer variety of groundnut is also grown. This variety is sown in February-March and harvested in July-August. The second forecast report on the groundnut crop in the Madras Presidency referred to by you in your letter under reference contains information mostly of the summer variety of the crop. This variety, however, is not grown in the Bombay Presidency.

APPENDIX 86

Export of Oilcakes and Castor-seed contents

Letter No. 2462 dated 3rd Sepetember 1937 from Chamber to Indian Trade Commissioner, London

As you are perhaps aware, under the terms of the standard Contract forms of the London and Liverpool Cattle Food Trade Associations, supplies of oilcakes, in terms of such contracts, are warranted free from castor seed or husk and if on analysis any supply contains more than ·005% of castor seed or husk, the buyer is entitled to reject the same. The clause in question reads as under:

> "The goods are warranted free from castor seed and/or castor seed husk, but should the analysis show a percentage of castor seed husk, not exceeding ·005%

the buyer shall not be entitled to reject the goods, but shall accept them with the following allowances : 2*s*. 6*d*. per ton not exceeding ·001%, 3*s*. 9*d*. per ton not exceeding ·002% and 5*s*. per ton not exceeding ·005%. Should the first analysis show the goods free from castor seed and/or castor seed husk such analysis shall be final, but in the event of the first analysis showing castor seed husk to be present, a second sample may be analysed at the request of either party and the mean of the two analyses shall be taken as final. Should the parcel contain castor seed husk in excess of ·005% buyer shall be entitled to reject the parcel in which case the contract shall be null and void for such quantity rejected."

Complaints have been received by my Committee that the presence of such a provision in the contracts has led to Indian exporters being subjected to considerable hardship.

A provision of this nature obviously is intended to safeguard the health of the cattle ordinarily consuming such cakes ; but in prescribing such safety limits, the chief consideration which should weigh is whether the presence of castor seed or husk is considered deleterious from the point of view of health of the cattle and if so the maximum percentage allowance of such husk, which, consistent with consideration of health, may be considered as fair and safe.

Judged from this point of view it has been represented to my Committee that the maximum limit of ·005% is too rigid and is not warranted even by the experimental tests carried on by recognised Chemists. My Committee are advised that in the year 1935 Messrs. John Hughes, Official Chemists to the London Cattle Food Trade Association, carried on tests under instructions from that Association in regard to the effect of the presence of castor seed or husk in cakes. Copies of two reports of the said tests are enclosed herewith. The Chemists in their report observe :

"The experiments under 'B' in the foregoing were carried out in order to find out the minimum proportions of actual castor seed that would have harmful effects, and they demonstrate that the smallest proportion found to have any effect whatever was that equivalent to ·005% of husk *in the whole food.* Assuming one part of cake to be used with three of ordinary food this is equivalent to ·02% of husk in the cake itself.

In addition to this we have some evidence that the castor as it actually occurs in the commercial cakes is less toxic than the fresh bean. No doubt this is due to loss of activity of the ricin during the preparation of the cake.

We understand that guinea pigs are animals sensitive to the effects of toxic substances and it is probable that still more favourable results would be obtained in the case of cattle."

It is evident therefrom that even the presence of .02% of husk in cakes had not any materially harmful effect. After such evidence, it is difficult to reconcile the extremely low margin of allowance viz., ·005% (maximum) fixed by the Cattle Food Trade Associations.

It will, therefore, be conceded that the prescribed limit is unnecessarily rigid and my Committee request your intercession with the London and Liverpool Cattle Food Trade Associations with a view to securing an increase in the margin of allowance to ·005% (minimum) and ·02% (maximum), i.e. for the presence of castor seed or husk upto ·005% there should be no claim for cash allowance and for the presence of such husk over ·005% but not exceeding ·02%, the buyer should not be entitled to reject the supply; between ·005% and ·02% the buyer may be entitled to a cash allowance on a graded scale.

There is also another condition in the contracts of the Cattle Food Trade Associations in question to the effect that insurance of consignments has to be effected with

approved British, Continental or American underwriters or companies. Strong objection has also been taken to this provision. Such a condition precludes cover being taken with an Indian Insurance company and it is necessary that efforts should be made to get this restriction removed. The provision savours of discrimination and has not any counterpart so far as British companies are concerned in the conditions of trade in any Indian market. India in recent years has made great strides in the development of the insurance business and there are a good number of Indian Insurance companies, cover with which should be considered satisfactory and accepted without any reservation. My Committee believe you will agree with them that this is an irritating, avoidable and uncalled for restriction and both business considerations and considerations of national self-respect require that the same should be done away with.

My Committee request that you will be good enough to take up this matter with the Associations in question at your end. In the meanwhile, you will kindly let me know what action you propose to take in this connection.

Letter No. 35-C(40)/37 *dated 29th January* 1938 *from Government of India, Commerce Department to Chamber*

I am directed to invite a reference to your letter No. 2462, dated the 3rd September 1937, addressed to the Indian Trade Commissioner, London, on the above subject.

2. After giving the matter their careful consideration the Government of India are of opinion that it will not be advisable to insist on the re-opening of the question as suggested by your Chamber. As you are no doubt aware, the present castor clause in the Contracts of the London and Liverpool Cattle Food Trade Associations was arrived at after very prolonged negotiations as there were important interests in the United Kingdom which wanted oilcakes to be guaranteed *completely free* from castor and/or castor seed husk. Any attempt to induce the Asssociations to modify the castor clause in their Contracts is therefore

ilkely immediately to arouse hostility and an agitation is likely to be set up for insisting on a guarantee of *absolute* freedom from any tree of castor seed. It cannot be denied that castor seed is poisonous to cattle and even comparatively small traces causes illness. The British Fertilisers and Feeding Stuffs Act, 1926, consequently lays down very strict conditions for the sale of feeding stuffs and both wholesale and retail dealers have to be extremely careful. Any agitation for a relaxation of these conditions would be liable to prejudice India's export trade in oilcakes, particularly groundnut cake, which is considerable. Some of the Continental Associations also use the United Kingdom form of Contract and the Government of India consider that it is a mistaken policy for Indian exporters to press for a relaxation of the standards of quality in regard to Indian produce, unless they are able to establish that the trade is being unreasonably hampered.

3. I am further to point out that the present 'tolerance' in the castor clause is not intended to permit of the presence of any appreciable quantity of castor seed in oilcakes. It is merely a provision to ensure that a consignment is not rejected because of the accidental presence of a trace of castor husk due to the inadvertent use of old bags, etc., and it would be inadvisable for oil crushers to rely on this clause and thus to relax their efforts to ensure the complete absence of castor seed as an impurity in the oilseed crushed. Any attempt to secure a larger 'tolerance' would inevitably react on the reputation of Indian oilcakes. As it is, it is much too easy to encourage an opinion in foreign markets that Indian produce is of low quality.

4. I am to observe in this connection that representations have been received in the past complaining that the London Contract for Argentine linseed permits a higher refraction (that is a higher percentage of dirt) than in the case of Indian linseed and that this is a disadvantage to the Indian trade. In point of fact, the contrary is the case as Indian linseed sells at substantial premiums over

Argentine linseed due to better bags, lower refraction and intrinsic quality.

5. Taking all these factors into consideration, I am to suggest for the consideration of your Chamber that a more profitable line to adopt would be to see how Indian produce can be raised to the standard requirements of export markets where this is feasible.

Letter No. 618 *dated 23rd February* 1938 *from Chamber to Government of India*

I am directed to acknowledge receipt of your letter No, 35C(40)/37 of the 29th January 1938 and in reply to say that, looking to all the circumstances, my Committee do not wish to pursue this matter further at this stage.

Letter No. 2463 *dated 3rd September* 1937 *from Chamber to the Indian Trade Commissioner, Hamburg*

I am sending you herewith a copy (see above) of the letter I have addressed to the Indian Trade Commissioner in London on the above subject. The Contract of the Hamburg Cattle Food Trade Association contains similar conditions in respect of Castor seed and husk contents in cakes and it is necessary that efforts should also be made at your end to get such conditions changed on the lines indicated to the Trade Commissioner in London. You will kindly let me know as to what action you propose to take in the matter.

Letter No. 3136 *dated 10th November* 1937 *from the Indian Trade Commissioner, Hamburg, to Chamber*

With reference to your letters of the 3rd and 4th September on the above subject, I have the honour to forward herewith the final and considered reply received by me from the Cattle Food Trade Association.

Letter dated 8th November 1937 *from Cattlefood Trade Association, Hamburg, to Indian Trade Commissioner, Hamburg*

We have to acknowledge the receipt of your letter of the 23rd October, and to thank you for sending us

copy of a letter dated the 3rd October, addressed to you by the Indian Merchants' Chamber, Bombay, as well as a letter sent by that Chamber to the London & Liverpool Cattle Food Trade Association on the subject of the export of oilcakes from India. We have now given our full consideration to the reports of Mr. John Hughes, Chemist, regarding the tests carried out by him.

In view of the importance of this matter, we not only submitted the case to a committee composed of our members who chiefly import oilcakes of Indian origin, but also requested the competent Government Department to express their views on the points raised by the Bombay Chamber.

After a thorough examination of the question, we have come to the conclusion, that an amendment of the castor seed clause in our contracts is not possible, and we therefore ask to kindly notify the Indian Merchants' Chamber, Bombay, accordingly. Although Mr. John Hughes has carried out a number of Feeding experiments, we are of the opinion that it has not been sufficiently proved that oilcakes containing the specified quantity of castor seed and husk are harmless for feeding purposes. Firstly, one herd of cattle may be more sensitive to the effects of feeding on such oilcakes than another, and secondly, the element of castor contained in oilcakes is not evenly distributed, and there is therefore no guarantee that the element of castor will not exceed the percentage ascertained on examination of the consignment, the more so as the prevalence of castor in "nests" is said to be not a rare occurrence. Further, the percentage of castor cannot be calculated with absolute certainty from the amount of caster husk, as the proportion of remnants of castor beans on the husk varies greatly. Mr. J. Hughes has carried out his experiments on the assumption that not more than 25% of Indian oilcake is mixed with feeding stuff. There is no guarantee that the consumer will not use a higher percentage.

We may also point out that German law regarding traffic in feeding stuffs, impose heavy penalties on persons who offer for sale or who sell feeding stuffs with harmful effects to animals. We regret, therefore, that we cannot change our decision. We would, however, like to mention that it should not be impossible to exercise more care in the manufacture of oilcakes in India in order to avoid any castor content in oilcakes, especially as the presence of castor has only been found in a few consignments.

As regards the request of the Indian Merchants' Chamber, Bombay, in respect of insurance companies, we may point out that paragraph 4 of our contract only stipulates that the goods must be insured with a first-class insurance company, and there is therefore no objection to Indian insurance companies, as long as the Indian Insurance Companies' policies provide for payment to be made at an office in Germany or England.

APPENDIX 87

Tendering Indian Wheat under the Liverpool Contracts

Letter No. 508 *dated 20th February* 1937 *from Chamber to Imperial Council of Agricultural Research, New Delhi*

The attention of the Committee of this Chamber has been drawn to the fact that in Liverpool there are arrangements for the storage of wheat from different parts of the world, viz., Argentina, Australia, Canada, etc., and that these arrangements for storage have been made because all such wheats are tenderable under the Liverpool contracts. Unfortunately, there is no such arrangement for the storage of East Indian or Karachi wheat, because Indian wheat is not tenderable against Liverpool wheat contract. Under the Liverpool contract there are provisions made for premiums or discounts for different wheats according to their grades. If Indian wheat will be made tenderable

under the Liverpool contracts, Indian exporters will get their share of the benefit and Indian exports of wheat would increase in volume.

Under the circumstances, my Committee beg to request the Imperial Council of Agricultural Research to be pleased to go into this question and to take such steps as they deem necessary to remove the existing anomaly which is unfair to Indian wheat.

Letter No. D.1439/37-A dated 26th March 1937 from the Imperial Council to Chamber

With reference to your letter No. 508, dated the 20th February 1937, I am directed to say that the question whether Karachi wheat can be made tenderable against the Liverpool and/or London wheat contract is a suitable subject for discussion at the forthcoming conference of representatives of the Grain Trade Associations with the Central Marketing Staff which is to take place early in April. The matter will therefore be brought before that conference to which, it is understood, your Chamber has been invited to send a representative.

2. The Agricultural Marketing Adviser, however, points out that his information is that Indian wheat is under no disability in Liverpool so far as actual storage is concerned. The elevators are under the control of the Liverpool Grain Storage and Transit Company and not of the Liverpool Corn Trade Association. The present however is a suitable opportunity of considering whether Indian wheat should be formally tenderable against "futures" contract in the United Kingdom as there is active export at present.

Letter No. A-594(5) dated 29th March 1937 from Agricultural Marketing Adviser to Chamber

In forwarding herewith a set of papers relating to the informal Conference of some representatives of the Grain and Oilseeds (wheat, linseed and groundnut) trade and milling industry etc., along with the Central Marketing

Staff, to be held on 6th April 1937 at the Temporary Secretariat Bldgs., Delhi, I have the honour to say that it has been decided that advantage should be taken of the opportunity to discuss the question as to whether Karachi wheat can be made tenderable against the Liverpool and/or London wheat contract. It is understood that your Chamber is particularly interested in this matter, and I shall, therefore, be glad if you could kindly make it convenient to send a representative to the meeting. The name and Delhi address of the person nominated may kindly be intimated to me at an early date, preferably by a telegram.

Letter No. 948 dated 1st April 1937 from Chamber to Agricultural Marketing Adviser

I am directed to acknowledge receipt of your letter No. A-594(5) dated the 29th March 1937 and in reply to confirm the following telegram sent to you today:—

> "Reference your letter 29th March Have nominated Mr. Ratilal M. Gandhi as representative to informal Conference regarding Grain and Oil Seeds.—Inchambu".

I give below Mr. Ratilal M. Gandhi's Delhi address:

Ratilal M. Gandhi, Esq.,
C/o Nandlal N. Mehta, Esq.,
Near Lloyds Bank,
Chandni Chowk, Delhi.

Report submitted by Mr. Ratilal M. Gandhi on the discussion of the question of tendering of Indian wheat under the Liverpool Contract

I attended the meeting as a representative of the Indian Merchants' Chamber. The meeting was of sufficiently representative character inasmuch as it was attended by representatives of various commercial associations controlling wheat trade in different parts of India and by important millers and exporters.

The subject matter in the form of the suggestion of the Indian Merchants' Chamber was introduced and placed before the meeting by the Chairman, Sir Bryce Burt, Kt. The suggestion had the general approval of the whole house without any dissent. Everyone present appeared to have appreciated the idea. Thus there was no discussion in the matter and it was unanimously decided to make a move in the proper direction. The I.C.A.R., it appeared, would take up this matter through proper channels in London. The only point of difficulty placed before the meeting by the Chairman was about the making of standard of Indian wheat which might be required by the respective Association in London/and or Liverpool. However, it was a point of future contingency and was not necessary to discuss the same at this stage. I hope to get full details of the proceedings of the conference in due course.

APPENDIX 88

Marks of Origin for Gunny Bags

Letter No. 2203 dated 12th August 1937 from Chamber to Indian Trade Commissioner, London

The attention of my Committee has been drawn to certain difficulties experienced by exporters from this country in conforming to some of the requirements laid down by the Customs Authorities in U.K. in the matter of marks of origin on containers in which goods entitled to preferential rates of duty are exported. As you are doubtless aware, such goods have to be covered by Certificates of Origin in the prescribed forms. Over and above this, in order to entitle the containers to be assessed at the preferential rate, the Customs authorities there should be satisfied that of the value of each and every container not less than 25% is derived from materials grown or produced or from work done within any part of the British Empire. Till recently a certificate from the shippers certifying such

Empire content in the containers was being accepted by the Customs authorities.

The shippers are now advised of some changes in the procedure whereby such bags have to be certified by the actual manufacturers themselves as conforming to the particular requirements and that the marks "Made in British India" have to be impressed on the bags. These changed requirements are causing not a little inconvenience to shippers at this end. The containers in use, over which the issue has arisen, are gunny bags. India is the largest manufacturer in the world of such bags and imports into this country of bags or hessian are nil. *Prima facie*, it is, therefore, inconceivable that Indian shippers should be using anything but bags made in India for sending out their goods.

The pratical difficulties in obtaining Certificates from the actual manufacturers of bags have only to be mentioned to be appreciated. With your experience of Indian trade, you know that the shippers do not get their requirements of bags directly from the manufacturers. They get it from the markets, and naturally are not in a position to insist from the manufacturers on a certificate as required by the London Customs authorities. In actual practice, it would be very difficult to fulfil the new requirements of the Customs and having regard to the essential consideration that India is one of the largest manufacturers of bags and is not at all an importer, it is not unreasonable to expect the London Customs authorities to accept a certificate from the shippers themselves in respect of such bags and to allow them entry at the preferential rate.

My Committee request that you will kindly intercede in the matter and bring about a change in the London Customs regulations whereby such bags are accepted on the basis of certificates from shippers.

Letter No. T.38-3-8 dated 27th August 1937 from Indian Trade Commissioner to Chamber

I am directed to acknowledge receipt of your letter No. 2203 dated the 12th August and in reply to inform

you that the subject matter is having attention. A further communication will be forwarded in due course.

APPENDIX 89

Certificates of Origin for preferential duties and goods of Indian States Origin

Letter No. 3259 dated 29th November 1937 from Chamber to Government of India, Commerce Department

The attention of the Committee of this Chamber has been drawn by a business firm to the difficulties which are being experienced with regard to Certificates of Origin required in certain countries. The Customs authorities in different British Colonies insist upon having a country of origin stamp "Made in British India" on manufactured goods to distinguish the same from those manufactured in French or Portuguese India. On the other hand, the local Customs authorities, it appears, object to the stamp "Made in British India" being applied to goods manufactured in Indian States on the ground that such States cannot be called "British India." The complaint comes to my Committee from a firm dealing in piecegoods. So far as my Committee are aware, with regard to raw products the Customs authorities both here and in foreign countries apparently have no objection to certificate as "Produce of British India" being given for products coming even from the Indian States. With regard to manufactured articles, however, and especially cloth, the case would appear to be different. My Committee would, therefore, like to get the position clarified in the interests of the trade. They would like to know if Indian States are really comprised in the term "British India" for purpose of Certificates of Origin and for purposes of stamping country of origin on manufactured goods as also for purposes of preferential rates of duties both under the Ottawa and Imperial Preference schemes. It is apprehended that cloth which is stamped

only with "Made in India," instead of "Made in British India" will not be allowed to be imported at the preference rate of duty under the Imperial Preference scheme for the reasons stated above.

It may also be kindly made clear whether the marking of goods manufactured in Indian States as "Made in British India" would amount to an offence under the Merchandise Marks Act.

APPENDIX 90

Increase in Fire Insurance Rates

Letter No. 1753 dated 22nd June 1937 from Chamber to Bombay Fire Insurance Association

The attention of my Committee has been drawn to the recent increases in fire insurance rates. In particular complaints have been received against increase in rate from As. 2 to As. 3 per cent. on shop risks of buildings with wooden floors and from As. 2 to As. 4 per cent on the contents of such shops.

In the first place, it has been pointed out to my Committee that adequate notice was not given by the companies to the policyholders about the increase, but that they were almost presented with a *fait accompli*. My Committee feel that on such occasions sufficient intimation should be given to the policyholders so as to enable them to put forward their point of view before the companies, before the actual increases are effected.

Coming to the increase on buildings with wooden floors, my Committee would like to be enlightened as to the reasons which prompted the companies under the advice of your Association to effect the same. They are not aware of any circumstance leading to a greater risk

from fire for such buildings. In their opinion, an occasional fire in such buildings will not constitute a sufficient reason for a general increase of the character.

Moreover, it is also not clear as to what is exactly meant by timber floor buildings. Fears are expressed that buildings with timber rafters and cement, tile or marble floors are being considered for the purpose of this increase as timber floor buildings thereby making the increase applicable to all buildings except reinforced or ferro-concrete buildings. My Committee would like to be furnished with information as to the exact definition of timber floor buildings for purposes of these increases.

The rates for fire insurance were reduced by the companies some 10 years ago having regard to the prevailing trade conditions. Trade conditions cannot be said to have improved to justify any increase in rates. The experience of the companies during these years does not also seem to warrant a general increase in rates. Under the circumstances, my Committe are unable to appreciate the increase by 100% on contents and by 50% on shops with wooden floors. They, therefore, strongly urge that the matter be reconsidered by your Association with a view to a reversion to the old rates.

Letter No. 4433/10 *dated* 1st *July* 1937 *from Bombay Fire Insurance Association to Chamber*

I refer to your letter No. 1753 of the 22nd ultimo and am directed to inform you that rates are fixed by this Association for different classes of risks on the basis of fire loss experience in relation thereto and are subject to adjustment accordingly. It will no doubt be clear to your Committee that with such information obtainable from all members of our Asscoiation it is felt that no useful object would be served by ascertaining the views of policyholders whose actual collective experience, it must be realised, is reflected in the statistics furnished to us by the Insurance Companies.

On the particular subject of timber floors I am to say that the danger of collapse in the case of timber floors has been shown to be much greater than with floors of fire-resisting material such as concrete, and whilst an occasional fire in buildings of the former class would admittedly not constitute a sufficient reason for the general increase of rates, the effect of recent fires has clearly demonstrated the weakness of this type of construction.

The definition of buildings having timber floors is as follows:—

> "Buildings in which any part of the floor or floors (except verandahs and staircases) is wholly or partially constructed of timber (except in the case of a timber flooring laid on a reinforced or ferro-concrete structure without intermediate space)."

My Committee regret that for the reasons given above they are prevented for the present from considering a reversion to the former rates, but it is their intention to maintain the practice of collecting statistics from members of this Association and the question will be reviewed again in the light of future experience.

Letter No. 1890 *dated 20th July* 1937 *from Chamber to Fire Insurance Association*

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 4433/10 dated the 1st July. They regret that your Association is not prepared to consider, for the present, a reversion to the former rates. My Committee feel that, looking to the very small number of fires in buildings with timber floors, it would have been better if your Association had, instead of taking immediate action, waited for further experience and then enacted the change in your tariff. They even now think that your Association will be good enough, in the interests of the general policyholders, to revert to the former rates and wait and watch for further incidents, if any, before adopting new rates.

Again the definition of buildings with timber floors adopted by your association is very wide and would include in its scope even buildings with timber rafters and cement, tile or marble floors and as such the enhanced rates would also apply to such buildings. My Committee feel that from the point of view of increased risk, if any, only buildings in which the floor is completely wooden should be treated as wooden-floor buildings and the general interpretation adopted by the Association of the term wooden floor is not justified. My Committee, therefore, recommend a restricted definition of the term wooden-floor so as to exclude all buildings other than those in which the floor is completely wooden from the operation of the increased tariff for wooden floor buildings.

Letter No. 4433/12 *dated* 29*th July* 1937 *from Fire Insurance Association to Chamber*

I refer to your letter No. 1980 of the 20th instant and am directed to inform you that my Committee regret they are unable to reconsider their decision or to accept the suggested alteration in the definition of timber flooring.

Letter No. 2206 *dated* 12*th August* 1937 *from Chamber to Government of India, Deperment of Commerce*

The attention of the Committee of this Chamber has been drawn to recent increases in fire insurance rates and in particular to increases in rates in Bombay on shop risks of buildings with wooden floors from annas two to annas three per cent and on the contents of such shops from annas two to annas four per cent. This "shop risks area" includes buildings with wooden floors of which there is a large number in the City. These increases have presumably been made on the ground that there have been a few fires in such buildings, but it is hardly fair to penalise a large number of people, merchants and landlords of better timber flooring houses for the sake of a few houses referred to herein which were very old and could be destroyed in no time. These increases amount to 100 per

cent on contents and 50 per cent on shops with wooden floors. The object of my Committee in writing to you is to draw the attention of the Government of India to the reckless manner in which the Fire Insurance rates are raised up by the Fire Insurance Association and the consequent inconvenience and annoyance felt by the business community and property owners. Government have before them at present the Bill to revise the Insurance Law and they may well consider the advisability of having a proviso which will check the insurance companies from putting up their rates at their own sweet will. The Fire Insurance Association represents all the Fire Insurance Companies in the City, and if the Association has to regulate the rates for and on behalf of all the Companies, it stands to reason that the rates should be regulated with due regard to the interests of the business community and property owners.

APPENDIX 91

Licensing of Film Producing Studios

Letter No. 3381 *dated 9th December* 1937 *from Chamber to the Mayor of Bombay*

The attention of my Committee has been drawn to item No. 40 on the December Agenda of the Bombay Municipal Corporation, viz. a letter from the Commissioner proposing to introduce a system of licenses for Film Producing Studios in the City. In this connection, my Committee have also seen copy of a representation, dated 27th November, 1937, addressed to you by the Indian Motion Picture Producers' Association.

Before the Municipal Corporation comes to any decision in the matter, it is necessary that the question should be fully considered and to facilitate such a consideration, my Committee support the request of the said Association

that the proposal may be referred to a Committee of the Corporation for investigation and report. It is but fair that the parties likely to be affected by the proposal, viz. film producers, should be given an opportunity to place their viewpoint before the Corporation.

My Committee hope that the Municipal Corporation will be pleased to accept the above suggestion for referring the question to a Committee and will not come to any decision on the same straightaway.

Letter No. 7662 dated 11th January 1938 from the Municipal Secretary to Chamber

In continuation of this office letter No. 7121, (acknowledgment), dated the 11th December 1937, I have the honour to inform you that the Municipal Corporation of Bombay have, after due consideration, recorded your letter, dated the 9th December 1937, requesting that the Commissioner's proposol to license the shooting operations of cinematographic films in the various studios in the City may be referred to a Committee of the Corporation for investigation and report and that the various interests affected thereby be given an opportunity to place their views on the question before the Committee.

APPENDIX 92

Amplification of the Accounts relating to the Inland (Rail and River-borne) Trade of India

Letter No. 9267/2 dated 24th July 1937 from the Director General of Commercial Intelligence and Statistics to Chamber

I have the honour to inform you that a Committee has been appointed by the Central Government in India for considering the amplification of inland trade statistics. The

commodities and territorial blocks for which statistics are shown in the present returns are given in Statements I and II attached (*not printed*) to this letter. It has been suggested by the Committee that these lists of commodities and territorial blocks should be expanded so as to correspond more or less with those included in the old inland (rail and river-borne) trade returns which are given in Statements III and IV enclosed (*not printed*) herewith. I am to ask that you will be good enough to communicate to me your views as regards this suggestion. It will be of help to the Committee, if you are in favour of adopting the old lists and territorial blocks, if you will kindly indicate in what respects these lists require modification.

2. I am to point out that the adoption of the lists of articles and blocks included in the old returns will lead to a very substantial increase in the cost of collection and publication of these statistics and it would be necessary for provincial authorities to meet part of the additional cost involved. The cost of these statistics on the basis of the present list of commodities and territorial blocks is nearly Rs. 2 lakhs per annum, and is borne entirely by the Central Government.

3. It is requested that reply to this letter may kindly be sent (to the Director General of Commercial Intelligence and Statistics, 1, Council House Street, Calcutta), as early as possible and in any case not later than the 30th September, 1937.

Letter No. 2504 *dated* 10*th September* 1937 *from Chamber to the Director General*

I am directed to refer to your letter No. 9267/Q of the 24th July and in reply to say that the Committee support the proposal to amplify the above returns by expanding the lists of commodities and territorial blocks more or less on lines indicated in lists 3 and 4 enclosed therewith.

Regarding the additional cost, my Committee are of opinion that the same should be met entirely by the Central Government as in the case of all other All-India statistical publications. They do not see the justification for asking the Provincial Governments to share the cost of this particular publication alone.

APPENDIX 93

Trade description of the words "Flannel" and "Superfine"

Letter No. 12954-*CIC dated 24th August* 1937 *from the Director General of Commercial Intelligence and Statistics to Chamber*

I enclose an extract of Rule 53 of the Merchandise Marks Manual (Fourth and Revised Edition) from which you will observe that the terms "Flannel" and "Superfine" have been stated to denote pure woollen material. The Delhi Piecegoods Association have represented that this definition of the term "Flannel" is quite contrary to the established practice in the piecegoods trade as "in commercial circles this word is invariably used to denote cloth which is specially made with soft feel and contains a sort of fluff or raising irrespective of the composition of the same". They also contend that "Viyella Flannel" which contains a considerable percentage of cotton passes as "Flannel" and that the word "Superfine" does not signify a pure woollen fabric according to commercial usage. They therefore suggest that the words "Flannel" and "Superfine" should be deleted from clause 53 of the Merchandise Marks Manual.

2. In most handbooks dealing with textile industry "Flannel" is described as stuff made entirely of wool. The definition of "Flannel" in the Merchandise Marks Manual therefore conforms to the accepted definition of the term and the same seems to be the case with "Superfine" also.

Unless there has been some change in recent years in the manufacture of flannels and superfines, and these articles are now being made with an admixture of cotton, no change in clause 53 of the Merchandise Marks Manual would appear to be necessary.

3. I shall be glad to have the views of your Chamber on the suggestions made by the Delhi Piecegoods Association at an early date and, if it is a fact that articles commonly known in the trade as "Flannels" and "Superfines" are now being manufactured with an admixture of silk, cotton or some other fibre, I shall be glad to know what is the maximum percentage of such admixture.

EXTRACT OF RULE 53 OF THE MERCHANDISE MARKS MANUAL (FOURTH AND REVISED EDITION).

53. The terms such as "Superfine", "Spanish stripes" and "Flannel" which denote pure woollen material should be treated as constituting a false trade description when used in connection with mixed or cotton fabrics made up in imitation of woollen goods unless accompanied by the word "Mixed" or "Cotton" as a counter-indication. No objection should, however, be taken to the application of the term "Merino" to hosiery or underwear made of cotton and wool mixed, or of the term "Velvet" or "Velveteen" to material made wholly or in part of cotton : nor should any objection be taken to the application of the description "All wool" on woollen hose of which the heels and toes are cotton and wool mixed, in cases in which the amount of cotton used is inconsiderable and is added only for the purposes of strengthening the heels and toes.

Letter No. 2682 dated 29th September 1937 from Chamber to Director General

I am directed to refer to your letter No. 12954-CIC, dated the 24th August 1937, and in reply to say that my Committee approve of the existing provision in rule 53 of the Merchandise Marks Manual to the effect that the terms

"Flannel" and "Superfine" etc. should denote pure woollen material. My Committee cannot agree to any attempt at watering down of the description, on the lines indicated by the Delhi Piecegoods Association, and suggest that, if it is found that the terms in question are used in a manner not conforming to the existing definition, Government should take such action as may be called for under the Indian Merchandise Marks Act. After all the consumer expects a certain standard of purity in respect of articles covered by the words in question and he should not be allowed to be misled by the unscrupulous use of such descriptions in a manner which would suggest that the articles in question purport to be of a quality which they really are not.

APPENDIX 94

Stamping of Cotton Piecegoods

Letter No. I.C.41/14900 dated 27th October 1937 from Director of Industries, Bombay, to Chamber

I beg to state that the attention of the Government of India has recently been drawn to certain malpractices resorted to by some Indian mills in the cotton piecegoods trade in this country. Complaints have been made of fraudulent or incorrect stamping of length and width on cotton piecegoods manufactured by certain Indian mills and the Government of India have been urged to take appropriate action to mitigate the malpractices.

Under sections 6 & 7 read with section 2 of the Indian Merchandise Marks Act, 1889, it is open to any aggrieved party to institute legal proceedings in respect of goods exposed for sale which bear false trade marks or false trade descriptions. Action can also be taken by Local Government under the Bombay Weights & Measures Act, 1932, which *inter alia* provides for penalty for giving short weights or measures in case of articles sold or delivered.

The Government of India are investigating the question of devising appropriate machinery for the purpose of checking the evil and ensuring that the provisions of the law are carried out. In the meantime, they, however, desire that with a view to mitigating the malpractices complained of, the requirement and the penal provisions of the Indian Merchandise Marks Act, 1889, in regard to the stamping of trade descriptions and the sale of cotton piecegoods may be brought by the Provincial Governments to the notice of manufacturers and dealers concerned.

I am accordingly directed by the Government of Bombay to request you kindly to draw the attention of your constituents who are interested in cotton piecegoods trade and other piecegoods merchants, with whom your constituents have dealings, to the relevant provisions of the Indian Merchandise Marks Act, 1889, and of the Bombay Weights & Measures Act, 1932, which are reproduced as per enclosure attached hereto.

Section 12 of the Indian Merchandise Marks Act lays down that all piecegoods such as are ordinarily sold by length or by the piece which have been manufactured in premises which are a factory as defined in the Indian Factories Act, shall not be removed from those premises without having been conspicuously stamped in English numerals on each piece the length thereof in standard yards or in standards yards and a fraction of such a yard according to the real length of the piece. This section further lays down that if any person removes or attempts to remove any such piecegoods from any such premises without the length of each piece being stamped in the manner mentioned, every such piece and everything used for the packing or removal thereof shall be forfeited and such person shall be punished with fine which may extend to Rs. 1,000.

Under Section 2 of the Act, any description statement or other indication, direct or indirect, as to the number, quantity, measure, gauge or weight of any goods which is

untrue in a material respect as regards the goods to which it is applied amounts to a false trade description, which is punishable as laid down in Section 6.

Section 6 of the Act lays down that any person, who applies a false trade description to goods, unless he proves that he acted without intent to defraud, be punished with imprisonment for a term which may extend to three months or with fine which may extend to two hundred rupees, and in case of a second or subsequent conviction with imprisonment which may extend to one year, or with fine, or with both. It is further stated in Section 7 that "if a person sells, or exposes or has in possession for sale or any purpose of trade or manufacture, any goods or things to which a false trade description is applied, he shall, unless he proves :

(*a*) that having taken all reasonable precautions against committing an offence against this section, he had at the time of the commission of the alleged offence no reason to suspect the genuineness of the trade description, and

(*b*) that, on demand made by or on behalf of the prosecutor, he gave all the information in his power with respect to the persons from whom he obtained such goods or things, or.

(*c*) that otherwise he had acted innocently,

be punished with imprisonment for a term which may extend to three months, or with fine which may extend to two hundred rupees, and in case of a second or subsequent conviction with imprisonment which may extend to one year, or with fine or with both. "

The instructions issued by the Governor-General in Council under the provisions of the Indian Merchandise Marks Act lay down that a trade description of length stamped on grey, white or coloured cotton piecegoods shall be deemed to be false in a material respect if the description exceeds the actual length by

(*a*) where a single length is stamped:

4 inches in pieces stamped as 10 yards long and under;

5 inches in pieces stamped as above 10 yards and upto 23 yards long;

7 inches in pieces stamped as above 23 yards and upto 36 yards long;

9 inches in pieces stamped as above 36 yards and upto 47 yards long;

18 inches in pieces stamped as above 47 yards long;

provided that the average length of the goods in question shall not be less than the stamped length;

(*b*) where a maximum and minimum length are stamped, if the described medium length is greater than the actual length by more than—

9 inches in piecegoods under 35 yards long;

18 inches in piecegoods 35 yards and upto 47 yards long;

36 inches in piecegoods above 47 yards long;

provided that no such piece shall measure less than the minimum stamped length.

As regards width, "a trade description of width stamped on *grey, white or coloured cotton piecegoods* shall be deemed to be false in a material respect if the description exceeds the actual width by

half an inch in pieces stamped as 40 inches or *less in width*;

three-quarters of an inch in pieces stamped as over 40 inches or under 59 inches in width;

one inch in pieces stamped as 59 inches or more in width;

provided that the average width of the goods in question shall *not be less than the stamped width.*

Section 12 of the Act requires only the length of the piece to be stamped, but where the width is also stamped, the tolerances prescribed in the instructions must be adhered to.

Section 35 of the Bombay Weights and Measures Act which has since been applied to Bombay, Ahmedabad and certain other centres in the Presidency, reads as under and provides for a penalty for giving short weights or measure in case of articles sold or delivered:

"whoever in selling any article by weight or measure delivers or causes to be delivered to the purchaser a weight or measure less than what is purported to be sold shall, if the less weight or measure exceeds the amount of error prescribed under Section 46A, on conviction be punishable with fine which may extend to rupees three hundred."

It would appear that it is open to any interested or aggrieved party to institute proceedings in Court in pursuance of Section 6 of the Merchandise Marks Act, but under the Bombay Weights and Measures Act the Director of Industries could prosecute offending parties.

Letter dated 27th September 1937 from Chamber to all Members interested in the manufacture or sale of piecegoods

The Director of Industries, under instructions from the Government of Bombay, has requested my Committee to draw the attention of all the members of the Chamber who are interested in the manufacture of or trade in Cotton Piecegoods to the provisions of the Indian Merchandise Marks Act and the Bombay Weights and Measures Act, 1932, in regard to stamping of trade descriptions on cotton piecegoods. Accordingly, I am sending to you herewith, for your information, a copy of the note (as above) prepared by the Director of Industries explaining the existing provisions of law in this regard.

———

V.—GENERAL

APPENDIX 95

Redistribution of Portfolios in the Central Government

Letter No. 1823 *dated* 1st *July* 1937 *from Chamber to the Secretary to the Executive Council of the Governor-General*

The attention of the Committee of this Chamber has been drawn to some changes which have been proposed in the distribution of work of the Government of India to different portfolios. My Committee are opposed to the suggested changes and to the division of portfolios as recommended in the Government communique published in the press. Departments of Commerce and Industry were upto now administering certain work and so far as my Committee can see, the administration of the different items of work by both the departments was carried on more or less fairly. So far as my Committee are aware, no valid and substantial reasons are adduced for the proposed division of work and the creation of one additional department. It would have been better if before taking such an important step Government had consulted Chambers of Commerce and other commercial institutions which were to a great extent interested in a large number of questions with which the three departments will now be concerned. Under the circumstances, my Committee beg to protest against the arrangements which, it appears, will take effect from the time the Government of India removes to Delhi.

It appears that the work which was hitherto carried on by the Commerce and Industry Departments will now be carried on by Departments of Commerce, Communications and Labour, which means that instead of two departments, there will be three, though the number of members

holding these portfolios will remain the same. The member in charge of the Department of Commerce will be in charge of the Department of Labour also while the member in charge of the Department of Industries will now be the member in charge of the Department of Communications. It is proposed to assign inland navigation and ports to the Department of Communications while Blue Water Shipping is proposed to be assigned to the Department of Commerce. The Committee of this Chamber are of opinion that inland navigation and ports should go with blue water shipping, in charge of the Commerce Department. Blue water shipping, that is coastal shipping and overseas shipping cannot and should not be separated from ports and inland navigation. Inland navigation in a country like India with large rivers and river shipping should be associated with the coastal shipping and the overseas shipping, as otherwise there is a danger that there might be a diversity of policy pursued with regard to inland navigation and overseas navigation or coastal navigation. Ports have recently been taken over by the Government of India and my Committee apprehend that the proposed policy of keeping these ports separate from shipping will be disastrous both to the development of ports and shipping. Here too there is a danger of a diversity of policies being followed by two different departments with regard to ports and shipping. My Committee, therefore, strongly recommend that ports including pilotage and inland navigation should go in charge of the Department of Commerce which is going to look after Blue Water Shipping.

APPENDIX 96

Riot Tax and exemptions

Letter No. 1294 *dated* 1st *May* 1937 *from Chamber to Government of Bombay, Home Department*

Under Sectin 45 (1) of the City of Bombay Police Act the Chief Presidency Magistrate is authorised to determine

and order the collection of riot tax for purposes of payment of compensation to persons in respect of loss or damage etc., caused by riots and such unlawful assemblies, and under Section 45 (2) of the same Act, he is also authorised to exempt any persons from liability to pay any portion of such compensation. Under the powers vested in him under this sub-section the Chief Presidency Magistrate has, from time to time, by his order exempted certain classes of persons, such as title holders, etc., from the obligation to pay any portion of the tax which has been levied in the past in connection with the disturbances in the city. Complaints have been received by my Committee against the invidious character of such exemptions. While therefore recognising the need for payment of such compensation for losses, etc., arising from riots, my Committee are of the opinion that there is no justification to exempt any person or class of persons or community from liability to pay any portion of such tax. The obligation for payment of compensation should be borne by all without any discrimination. My Committee wish to bring to the notice of the Government of Bombay the iniquity and unfairness of such exemptions and would recommend the deletion of Section 45(2) referred to above thereby doing away with the provision for exemptions of any kind. If this sub-Section is deleted, it will go at the root of the very principle of granting exemptions from the riot tax and will remove the source of dissatisfaction caused by such arbitrary exemptions. My Committee trust that the Government of Bombay will be good enough to consider their suggestion favourably.

Letter No. 9161/3-D dated 14th May 1937 from Government of Bombay to Chamber

I am directed to refer to your letter No. 1294 dated the 1st May 1937 in which the Committee of the Indian Merchants' Chamber recommend that sub-section (2) of Section 45 of the City of Bombay Police Act, 1902, be deleted. In reply, I am to state that Government have

considered the recommendation made by the Committee, but regret that they cannot accept it.

Letter No. 2415 dated 30th August 1937 from Chamber to Government of Bombay

I am directed to acknowledge receipt of your letter No. 9161/3-D dated the 14th May 1937 and to express my Committee's disappointment at the decision of Government not to accept their suggestion for doing away with the system of exemptions from payment of riot tax levied under Section 45 (1) of the City of Bombay Police Act. My Committee, however, note that Government have not given any reasons in support of their decision.

My Committee have in their letter No. 1294 of the 1st May conveyed to Government the public feeling on the question to the effect that such exemptions are invidious in character and unfair to the rest of the payers of the tax. They, therefore, wish to reiterate their objection to the principle of such exemptions and request Government to reconsider the matter with a view to the system of exemptions being discontinued.

In this connection my Committee have also a suggestion to make regarding the scope of the Riot Tax as at present levied and collected. The present provision is that the tax is to be determined by the Chief Presidency Magistrate and levied on and collected from the landlords in the affected locality. My Committee feel that the imposition of the tax on the landlords as such of a particular locality cannot on grounds of equity be defended. If the principle of payment of compensation for injury or loss caused by riot is conceded, the burden of such payment should be more equitably distributed. They wish, therefore, to suggest that the tax should be borne by all the citizens within the Municipal area and be collected, whenever necessary, as an addition to the general Municipal tax. This suggestion will mean the recognition of the principle that the tax should be borne equally by all the citizens in the Municipal area as distinguished from those in the affected locality and that

the same should not be confined to landlords as such, but should be payable on the same basis as the general Municipal tax.

My Committee request that the Government of Bombay will be pleased to give the above suggestions their earnest consideration and firstly to bring about a change in the scope of the riot tax as suggested above and secondly to end the system of exemptions from payment of tax as envisaged in Section 45 (2) of the City of Bombay Police Act.

APPENDIX 97

Rules regarding Passage Allowance to non-official delegates to International Conferences

Letter No. 1946, *dated* 15*th July* 1937 *from Chamber to Government of India, Departmement of Industries and Labour*

It has been brought to the notice of the Committee of this Chamber that the Government of India have been insisting on the Delegates and their Advisers proceeding to International Conferences to travel only by steamers of such Line with which they book their passage. It is well known that the Line which they patronise is the P. & O. My Committee further understand that in case any Delegate on Adviser were to book his passage himself and even if the Government of India had received the refund of the passage that they might have booked on his behalf, not only will the Government of India penalise the Delegate or the Adviser in question by refusing to accord sanction for the payment of such a passage but they would also warn him that he shall have to strictly comply with the rules made by the Government of India on this behalf in the future. A specific instance of the action taken by the Government of India on the above lines has also recently come to the notice of my Committee.

My Committee are aware that one of the rules governing the allowances of non-officials deputed to International Labour Conferences is that they will be entitled to "free passages at sea (which must be booked through Government) at 1st Class "C" P. & O. rates or their equivalent", but they fail to understand the justification of penalising the Delegates and Advisers proceeding to International Conferences if they book their passages by such steamers as suited their convenience and provided they did not claim a higher rate of passage than the one admissible under the Rules. My Committee are constrained to remark that the conveniences of the public men proceeding to International Conferences as Delegates or Advisers at considerable sacrifice should be the first concern of the Government of India and not only should no penalty be imposed on them for doing public duty even at the cost of their immediate business, but on the contrary the Government should accord them every convenience and facility for enabling them to carry out the mission on which they are sent to these Conferences.

My Committee would further like to point out that even in the case of their own officers entitled to travel under the concession of Lee passages the Government of India only recommend them to travel by certain lines and consider their convenience in exceptional cases. My Committee, therefore, cannot see any justification why public men in the discharge of their public duties should be treated in a different manner. My Committee would, therefore, most earnestly request the Government of India to make it clear that the non-official Delegates and Advisers proceeding to International Conferences will be allowed to book their own passages at the rates admissible under the Rules and can choose their own line of steamers to suit their own conveniences. My Committee hope that the Government would agree with them that public men proceeding outside India in response to the invitation received from the Government of India are entitled to this elementary consideration.

Letter No. L.1547 dated 21st September 1937 from Government of India to Chamber.

I am directed to refer to your letter No. 1946, dated the 15th July 1937. The practice is for Government to book the passages of delegates before the names of the actual delegates are known. This is necessary because there is usually a shortage of accommodation at the time when delegates should sail for Marseilles to be in time for the Conference, and it is Government's duty to ensure that accommodation is available for them.

2. I am to add that the rule that passages must be booked by Government is imposed in the case of Government servants travelling on duty.

APPENDIX 98

Conference of Forest utilization officers

Letter No. 5971-D/33 dated 1st February 1937 from Government of Bombay, Revenue Department to Chamber.

I am directed to state that a conference of Forest utilization officers from Provinces will be held at Dehra Dun for 3 days from 17th March 1937 to discuss the timber utilization work at the Forest Research Institute and in the Provinces. Mr. E. A. Garland, Deputy Conservator of Forests, will attend the Conference as the representative of the Bombay Government. I am to forward herewith a copy of item 3 of the Agenda of the Conference and to state that Government would be very glad to know whether your Chamber considers that a committee of the nature proposed would be of advantage. So far as the revenue interests of the Presidency are concerned Government are doubtful of the value of such a committee. I am to request you to favour Government with the views of the Chamber before 1st March 1937 so that Mr. Garland may be placed in possession of your Chamber's views before he attends the Conference.

Copy of item 3 of the Agenda of the Utilization Conference to be held at Dehra Dun in March 1937.

* * * * *

3. The formation of Provincial Committees of Timber Utilization with representatives from the Local Legislatures, Public Works Departments, Railways, Electrial Departments and Chambers of Commerce. These will have a wider scope than the original committees proposed by the Raman Committee.

* * * *

Letter No. 412 dated 11th February 1937 from Chamber to Government of Bombay.

I am directed to acknowledge receipt of your letter No. 5971-D/33 dated the 1st instant. The Committee of this Chamber are entirely in favour of the formation of Provincial Committees of timber utilisation with representatives from the Local Legislatures, Public Works Departments, Railways, Industries Departments and Chambers of Commerce and are of opinion that such Committees will go a great way in tapping the timber resources of provinces and making them available for industry and trade and thus contributing also to the revenues of the Provinces. They may also well consider the utilisation and development of other forest products like fibres etc. This question of the utilisation of timber resources has been engaging the attention of different Provincial Governments since a long time and the suggestion of setting up such Committees is the best that can be made for tackling this question.

APPENDIX 99

Collection of Statistics of Employment of Educated Persons

Letter No. I.C.308/8250 dated 15th June 1937 from the Director of Industries, Bombay, to Chamber.

I have the honour to enclose herewith for your information a copy of a letter from the Government of India

(Department of Industries and Labour), No. L.1834 dated 4th May 1937 addressed to provincial Governments on the subject mentioned above, and to state that the Government of Bombay have asked me to submit my views on the subject after consulting employing and other interests concerned. I accordingly beg to request you kindly to favour me with an expression of the views of your Chamber generally on the above proposal of the Government of India, so as to reach this office by the 1st August 1937 at the latest.

Letter No. L.1834 dated 4th May 1937 from Government of India, Department of Industries and Labour, to Provincial Governments.

I am directed to address you on the subject of collecting statistics bearing on the middle-class unemployment. The importance and urgency of the problem are generally recognised and the Government of India believe that the collection of available facts bearing on it would be a valuable contribution towards the adoption of remedial measures and would be welcomed by public opinion.

2. There have, indeed, been frequent demands for the collection of statistical material, but these have generally been for the direct collection of statistics of educated unemployed persons. While sympathising with the desire to secure such statistics, the Government of India are convinced that in the absence of a scheme of unemployment insurance or of some other substantial inducement to the unemployed to register, whether relating to the educated unemployed or other classes of unemployed, no reliable statistics of this character can be collected. Few will take the trouble to make a return unless they have a direct interest in doing so, and the attempts made at the last census and subsequently in one or two provinces, in this direction, yielded no results of value. The collection of statistics of unemployment in other countries confirms the conclusion that this direct form of attack would be entirely infructuous in India. The only possible exception is the collection of particulars for very limited classes, e.g. alumni

of Universities, by persons or authorities such as college provides, having some more or less personal contact with them; and the Government of India understand that in some Universities an effort is being made to pursue this method.

3. If more comprehensive statistical material is to be secured, a different method must be pursued and in the opinion of the Government of India the most hopeful line is to collect statistics of employment rather than unemployment. Thus it should be possible to collect particulars of the numbers of men with specified educational qualifications who have found employment in various spheres, and particularly in industry and commerce.

4. If reliable material of this character could be collected, it would be of distinct value. In the first place it would furnish a basis for estimating the needs of the various industries and commercial concerns for qualified men, with different types of technical qualifications, with a view to better correlation of supply and demand. There is a faulty application of educational resources and injury is done to the professions in producing 100 mining engineers where there is room for only 50 or 40 technologists in a specialised line where only 10 can find employment. In the second place, the statistics would make it possible to form a general estimate of the potentialities of absorption offered by industry and commerce for educated young men, whether their qualifications are technical or general, and thus to reach a position where the probable effects of different possible policies on unemployment can be guaged. In the third place, the statistics would help to meet the public need and demand for statistical material bearing on this subject, and would enable the subject to be viewed in the light of facts rather than conjectures.

5. The Government of India consider that, in order to secure reliable statistics, legislation would be necessary. For while many employers would doubtless be willing to supply the particulars on a voluntary basis, others would

fail to do so, and the value of the results would depend on the completeness of the returns in the branches of employment selected. Further it would seem to be preferable that this legislation should preferably be central rather than provincial so as to ensure uniformity and avoid provincial variations both in the form and in the method of conducting an enquiry. The type of legislation which the Government of India envisage is simple. It would enable authorities to require such employers as might be prescribed to furnish certain particulars regarding the qualifications, educational or technical, of persons or certain classes of persons employed or recently employed by them and would provide a penalty for non-compliance.

6. While the legislation would be in general terms, the Government of India do not contemplate any large-scale simultaneous inquiry. In the first instance, it would probably be desirable to restrict the inquiry to organised industry (i. e. regulated factories, mines, and railways) both because such industry presents less difficulty from the point of view of collection of information and also because the information obtained is likely to be of more value for the immediate purpose in view. Thus employers in these establishments might be asked to state the number of posts in each establishment carrying more than a specified minimum pay, and to furnish certain particulars of the educational or other qualifications of the incumbents of these posts. In most cases, it would probably be necessary for the employer to supply particulars of only a small proportion of his appointments and of his employees. For example a factory owner might be asked to state the number of posts carrying more than Rs. 50 a month and to give the number of graduates of various types, and possibly matriculates filling these or other posts. If this enquiry yielded satisfactory results, it would be possible to extend the investigations thereafter to various commercial occupations and possibly less organised forms of employment.

7. In the event of the necessary legislation being passed, the Government of India would be prepared to

supply forms and to compile the final statistics, but they would be obliged if the provincial Government would agree to undertake the distribution and collection of forms and to arrange for some tabulation of the provincial statistics.

8. The Central Legislature are precluded from passing an Act for regulating a matter which appears to fall under item 32 of List II (Provincial Legislative List) in the Seventh Schedule to the Government of India Act, 1935, unless the consent of the Legislative Chambers in the provinces to be covered is secured under the provisions of Section 103 of the Act. I am, therefore, to enquire if your Government would be willing to place the necessary resolution before the provincial Legislature, on the understanding that the proposal receives the general support of the majority of provincial Governments.

9. To sum up, the points on which the Government of India desire to have the conclusions of the provincial Government are the following :—

1. Is it desirable to collect the statistics suggested ?
2. Should central legislation be introduced for this purpose ?
3. Would the provincial Governments be prepared to co-operate in collecting and tabulating the statistics ?
4. In the event of the proposal receiving general support from the majority of provincial Governments, would the provincial Governments be prepared to place the necessary resolution before the legislature ?

I am to request that after consulting such employing and other interests as the provincial Government may select, a reply may kindly be sent to this letter so as to reach this Department not later than 1st October 1937.

Letter No. 2155 dated 6th August 1937 from Chamber to the Director of Industries.

I am directed to send hereby the views of the Committee of this Chamber with regard to collection of statistics of middle class unemployment referred to in your letter of the 15th June 1937, No. I.C.308/8250.

My Committee apprehend that employment statistics are not likely to be of much use in the matter of gauging the unemployment problem in this country. They have, however, no objection to the proposal for collection of employment statistics, though, in their opinion, the fundamental necessity is for collection of unemployment statistics. They suggest that Government should find out a direct method of approach for fulfilling this need.

APPENDIX 100

Mechanisation in the Modern World

Letter No. 6267-E dated 20th July 1937 from Government of Bombay, Educational Department, to Chamber.

I am directed to forward herewith a copy of a letter dated the 21st August 1936 together with its accompaniments (*not printed*) from the Director, International Institute of Intellectual Co-operation, Paris, addressed to the Educational Commissioner with the Government of India regarding an enquiry by the International Committee on Intellectual Cooperation into the problem of mechanisation in the modern world and to enquire whether your Chamber would be willing to participate in the proposed enquiry.

2. I am to request the favour of an early reply.

Mechanisation in modern world

Note prepared by the office of the Chamber on the reference.

The International Institute of Intellectual Co-operation, in collaboration with the International Labour Office, is

conducting an investigation into the problem of "MECHANISATION IN THE MODERN WORLD". To ensure the representative character of the enquiry and to obtain the co-operation of the most competent persons and institutions in each country in this enterprise, the Institute has requested the Government of India to recommend the names of such persons and institutions in India who would be ready and willing to participate in the enquiry. The Government of India accordingly have, through the Government of Bombay, enquired if the Chamber would be willing to participate in the investigation.

The aim of the enquiry will be to promote a series of studies or monographs on the various aspects of the problem. Each contributor will be expected to deal with that aspect of the question which he may himself select. Thus the part expected of the Chamber, if it decides to participate in the work will be to get monagraphs prepared on such aspects of the main question of mechanisation as it may select.

At this stage, the Government letter is only to enquire if the Chamber would be willing to participate in the work. The actual work of preparing its views on any aspect of the problem will come later on, when a formal invitation is received from the International Institute inviting our collaboration.

An outline note defining the general scope of the enquiry is sent with the Government letter. A general idea of the investigations contemplated will be given by the following few specimen questions extracted from the General Questionnaire accompanying the outline note:—

5. (*a*) To what extent does mechanisatian make life easier and more secure by rendering man more independent of his natural surroundings ?

(*b*) To what extent does mechanisation make life more complex and difficult because it forces

man to be more dependent upon his social surroundings?

* * *

10. What are the changes or developments in the sphere of economics, politics, social relations, ethics and aesthetics which can be described as being due to the phenomenon of mechanisation?

11. Which are the effects of mechanised work upon the worker as regards

(*a*) his physical condition?

(*b*) his physiological condition?

(*c*) his psychological condition?

* * *

18. How does mechanisation affect the condition of the labour market?

19. Does mechanisation lead to a greater mobility of labour?

20. How does mechanisation affect the stability and security of employment?

* * *

25. To what extent does mechanisation produce the intellectualisation of human labour by transferring to the machines those processes which are purely automatic?

* * *

32. How far is it true that the modern worker is to be considered as a "slave of machinery"?

34. What are the methods of control of mechanisation in the interest of the human agents?

Letter No. 2681 *dated 29th September* 1937 *from Chamber to Government of Bombay.*

With reference to your letter No. 6267-E, of the 20th July 1937, on the above subject, my Committee have gone

through the papers sent therewith. They, however, feel that the object of the enquiry undertaken by the International Committee on Intellectual Co-operation is an intellectual study on the sociological and other aspects of mechanisation. While such a study no doubt will add to the knowledge and information on the subject, they feel that the Chamber as such is not interested in the same. They are, therefore, unable to be of assistance to the International Institute as suggested.

APPENDIX 101

Amendment of the Law of Insolvency—Bankruptcy Notices

Letter No. 2022 dated 24th July 1937 from Chamber to Government of India, Home Department.

The Bombay Incorporated Law Society has forwarded to my Committee copies of their petitions to His Excellency the Viceroy and Governor-General in Council, ending with their memorial dated 10th April 1937, submitting that the Presidency Towns Insolvency Act, 1909, may be amended by incorporating therein provisions similar to those relating to "bankruptcy notices" in force in England. My Committee have gone through the submissions contained in the said petitions and support very strongly the case made out by the Society for the amendment of the Presidency Towns and Provincial Insolvency Acts by including a provision on the lines of the provision referred to therein in the English Bankruptcy Act.

By the amendment made in 1936 to Section 51 of the Civil Procedure Code, it is provided that arrest and detention in jail of judgment-debtor in respect of a money decree shall not be ordered except under certain conditions detailed in the proviso to the said Section. This amendment follows the rule in England that a judgment-debtor shall not ordinarily be committed to imprisonment; but that rule is accompanied by the safeguard of the rule

known as the Bankruptcy notice which is wanting in India. Fears have been expressed that the amendment in question affords an opportunity to dishonest debtors, whose ability to pay is not susceptible of proof by creditors, to evade payment. To minimise the inconvenience and hardship likely to be caused to creditors by the above amendment and in order to compel debtors to meet their obligations and to prevent decrees of Courts from being treated as scraps of paper, my Committee agree that as suggested by the Law Society an amendment of the Presidency Towns and Provincial Insolvency Acts is very necessary. My Committee hope that Government will be pleased to accept these suggestions and introduce the necessary amending legislation at an early date.

APPENDIX 102

Law's Delays—Engagement of two Counsel in long Causes

Letter No. 3031 *dated 8th November* 1937 *from Chamber to the Prothonotary and Senior Master, Bombay High Court.*

My Committee have been considering the question of costs of litigation in the Bombay High Court. They wish to bring to the notice of their Lordships the Hon'ble the Chief Justice and Judges of the High Court that there is a widespread feeling among the litigant public, particularly the commercial community that something should be done to reduce such costs. A specific suggestion which has been made to my Committee in this connection is in regard to the appointment of two Counsel for long Causes where the value of the claim is over Rs. 10,000. Rule 533 (*ii*) of the Rules and Forms of the Bombay High Court provides:

> 533 (*ii*) The cost of one Counsel only shall be allowed on taxation between party and party in the following cases :—
>
> (*a*) .....
>
> .....

(*b*) In any long cause where the sum claimed is below Rs. 10,001 or where the claim in dispute is in respect of or relates to immoveable or moveable property of a lower value than Rs. 10,001, unless the Judge at the trial or the sitting Judge in Chambers before the trial sanction or special grounds the employment of more than one Counsel by the party whose costs are under taxation as aforesaid.

This provision has led to the practice of engaging, and claiming costs of, two Counsel, in all long causes if the amount involved is over Rs. 10,000. My Committee suggest that the limit prescribed may, without any serious disturbance to the working of the High Court, conveniently be raised to Rs. 25,000. Thus, if it is laid down that costs for two Counsel would be allowed only for claims over Rs. 25,000, it would go a long way towards reducing the cost of litigation. It may be recalled here that previously the limit fixed in this connection was Rs. 5,000 and the Hon'ble the Chief Justice and the Judges were pleased to increase the same to Rs. 10,000 some years back. A further increase, as suggested above, to Rs. 25,000 would be a welcome step in the direction of cheapening Justice in the High Court of Bombay.

My Committee hope that the Hon'ble the Chief Justice and Judges of the Bombay High Court will be pleased to consider the above suggestion favourably.

APPENDIX 103

Law's delays—Jurisdiction of the Small Causes Court

Letter No. 3029 *dated 8th November* 1937 *from Chamber to Government of Bombay, Home Department.*

I am directed by the Committee to address Government on the question of legal costs and delays in the Presidency.

There is a general feeling among the public, and particularly the commercial community, that something should be done towards cheapening and expediting Justice within the Presidency.

2. A specific suggestion which has been made to my Committee in this connection is that the Civil jurisdiction of the Bombay Small Causes Court should be extended to suits the value of which does not exceed Rs. 5,000. At present suits over the value of Rs. 2,000 are excluded from the cognisance of the Small Causes Court, as being unsuitable for a court of summary procedure. Many of the suits so excluded are comparatively petty and their compulsory reference to and trial by the High Court involve not only waste of judicial power but a practical denial of Justice to would-be litigants who are unable to bear the relatively high cost of legal assistance in the High Court. This position was acknowledged by the Government themselves when they tentatively decided in 1931 to institute a City Civil Court. Unfortunately, for reasons best known to Government, the proposal was ultimately dropped.

3. My Committee, therefore, suggest that Government should now bring about an increase in the limit of the Small Causes Court Jurisdiction to Rs. 5,000. This will prove to be a facility and a much-needed relief to the litigant public both from the point of view of cost and delay. As such a step can be taken even without abrogating the existing jurisdiction of the High Court in such cases, my Committee believe there would be no difficulty in Government agreeing to their suggestion and bringing about the reform at an early date.

4. My Committee hope that the above suggestion would receive sympathetic and favourable consideration at the hands of Government.

APPENDIX 104

Zanzibar Clove Legislation

Letter No. 131 *dated* 19*th January* 1937 *from Chamber to Government of India, Department of Education, Health and Lands.*

Since the telegram of the Committee of this Chamber, dated 23rd December 1936, regarding the Binder Enquiry Report on the Zanzibar Clove Industry, which was based on the brief summary of the Report published in the Press in India, they have been able to study its full text and submit the following considered opinion.

2. Mr. B. H. Binder, F.C.A., was appointed by the Colonial Office to enquire into the working of the Clove Growers' Association of Zanzibar and to review the position of the Clove Industry and to "report whether in the permanent economic interests of the territory as a whole any and, if so what modifications are necessary or desirable in the system of control as it now exists".

3. When Mr. Binder was appointed my Committee apprehended that an enquiry of such a nature by a European Chartered Accountant, without the help of representatives of the Indian community, would fail to satisfy Indian opinion. Mr. Binder's Report shows that these fears were not groundless. He has not only failed to appreciate the Indian point of view but has deliberately ignored it. Mr. Binder may say that to report on the effect of the Zanzibar Decree on Indian interests was not within his domain and that he was asked to report their effect on the "economic interests of the territory as a whole". Indians are a part of the territory and the interests of the territory as a whole cannot be considered without their interests. By ignoring Indian interests, Mr. Binder has raised racial issues in his report. Moreover, he says "If, as is the case, necessary economic adjustments adversely affect practically one racial section of the community by reason of its particular financial and economic activities" and "if steps

taken, and which may be taken, can be demonstrated to be directed towards the improvement of the clove industry as a whole, they must prevail as being in the best interests of the country even though they may unfortunately cause individual and racial hardships". My Committee are surprised, therefore, at Mr. Binder's statement that it is regrettable that racial issues should have arisen with regard to the problem affecting the clove industry. He states "It is evident that a racial question arises by incidence and not necessarily from racial feeling". The above quoted statements of Mr. Binder are so obviously contradictory that they need no further comment.

4. The Government of Zanzibar, however, admit that their problem is a racial one. Commenting on Mr. Menon's Report they say "It is futile to attempt to disguise the facts that the Protectorate's problem is essentially a racial one; to ignore or attempt to conceal that fact is merely to evade the issue." In the face of this blatantly anti-Indian opinion of the Government of Zanzibar and of Mr. Binder's recommendation, it is impossible for any reasonable person to approach the problem from the economic point of view only. Both the Government of Zanzibar and Mr. Binder have imported unmitigated anti-Indian politics into the controversy. Mr. Binder has failed in his attempt to camouflage his report as to give it the appearance of an economic enquiry and the Government of India in formulating their views on his report must lay stress on its political aspects. The report is practically based on anti-Indian policies of the Government of Zanzibar. According to it the interests of Indians in Zanzibar are not to be of much consequence. Mr. Binder seems to think that they can be sacrificed without let or hindrance. My Committee may be allowed to point out that under no circumstances whatsoever, the Indian commercial community will agree to the contemplated ruination of Indian traders in Zanzibar who are the virtual builders of the Clove industry there.

5. The glaring weakness of Mr. Binder's Report is his attempt to avoid the root cause of the economic distress of the Protectorate, viz. the indebtedness of the agriculturists. He has patted the Government of Zanzibar on their back for their uneconomic measures to restore normal conditions in the Protectorate. Instead of adopting methods for the liquidation of agricultural debts they resorted to moratorium. Mr. Binder has utterly failed to appreciate the main issue in Zanzibar.

6. The Indian National Association in Zanzibar in their Memorandum to Mr. Binder stated that the Clove Growers' Association should be abolished and that ordinary business methods should be restored. Mr. Binder on the other hand recommends more power for the Association in order to give it the virtual monopoly of the clove trade.

7. The name of the Association is a misnomer as there are no clove growers as its members. It is a Government Department and if Mr. Binder's recommendations are accepted the Department will speculate with public money. It is difficult to understand how any independent trader in Zanzibar can carry on legitimate business when he has the Government as his trade rival. This is what exactly Mr. Binder's recommendations amount to.

8. My Committee wholeheartedly support the contention of the Indian National Association of Zanzibar that the "Clove Growers' Association constitute a gamble on a large scale with public funds", and further "We object strongly to a concern which combine the functions of Government control with those of a subsidised trade rival. Such an attack upon the ordinary right to trade cannot be justified in any circumstances".

9. Mr. Binder has suggested a few minor concessions to private traders. But these have no value as against the permanent injury that would be caused to Indian trading interests by the adoption of his principal recommendations for strengthening the Clove Growers' Association by giving them complete monopoly of purchasing cloves in the Protectorate.

10. It is regrettable that in an apparently economic enquiry virulent anti-Indian politics of Zanzibar have prevailed. The Government of India should not be a party to any settlement of the problem based on the Binder Report.

11. My Committee suggest, in conclusion, that in view of the clear declaration of the Government of Zanzibar's policy that their problem is a racial one, and in view of their refusal to accept the recommendations of their own Commission presided over by the Chief Justice of Zanzibar to report on the agricultural indebtedness and of the Report of Strickland and Mr. Pin, the Government of India should suggest the exploration of further avenues with a view to arriving at a satisfied agreement. One such avenue, my Committee suggest, is a Round Table Conference of the representatives of all parties concerned in the controversy.

Telegram dated 4th February 1937 from Chamber to Government of India.

Press report states that Colonial Office has appointed Sir Ernest Dowson to enquire into question of indebtedness in Zanzibar. Committee Indian Merchants' Chamber feel that such an appointment was entirely unnecessary as question had been threshed out by the Commission appointed by Zanzibar Government. Committee therefore request Government of India to negotiate with Zanzibar Government not to allow fresh enquiry which will greatly add to unfairness of treatment meted out to Indians in Zanzibar.

Letter No. 1223 dated 26th April 1937 from Chamber to Government of India.

I am directed to send to you herebelow a copy of a cablegram received by my Committee from the Indian National Association, Zanzibar:—

"Government published Draft Bills Debt Settlement Land Alienation Amendment CGA Amendment first bills too cumbersome dilatory and defeating creditors on technical

grounds Land Bill totally prohibits alienation violating pledge CGA bills establishes complete internal and external monopoly cloves adopting wholesale Binder recommendations bills deal deathblow Indian community cumulative effect driving Indians from country such bills despite three years fight evidence colonial office deaf indifferent towards India position worsening Indians completely disheartened suggest immediate strong steps by Indian Government including despatch deputation consisting public leaders wire reply—Association."

It would appear that Zanzibar Government are proceeding ahead with the legislation based on the recommendations of the Binder Report. The views of my Committee and the Indian public in general on the said recommendations have been placed before Government in unmistaken terms. It is, therefore, necessary that the Government of India should take adequate steps to safeguard Indian interests in Zanzibar. My Committee will be obliged if you will kindly let them know as to what action Government propose to take in the matter.

Letter No. 1790 *dated 26th June* 1937 *from Chamber to Government of India.*

My Committee have received the following cablegram dated 15th June 1937 from the Zanzibar Indian Association:

> "Indian mass meeting yesterday protested first reading Clove Monopoly Bill whose final reading 24th June declared. C.G.A. circulars illusory offer no relief Indians elimination inevitable. Resolved continue struggle till trade settlement rights restored. Reaffirming 1935 embargo resolution. Resolved urging Government of India impose immediate embargo cloves. Community observing *hartal* 21st June. Appeal India sympathise."

From the telegram it would appear that the Zanzibar authorities are proceeding with the legislation based on the Binder Report. In a message, however, appearing in the "Times of India" of the 24th instant, it is reported: "the colonial authorities have ..... postponed the

meeting of the Legislature until July 15th.' It is greatly hoped that by then an agreed solution will have been found".

My Committee will be obliged if you will be pleased to enlighten them as to the actual position in respect of the above legislation and whether there are any hopes to an agreed solution to this vital question, which has been agitating the country for nearly three years.

Letter No. F.158/36-L. & O. dated 7th July 1937 from Government of India to Chamber.

In reply to your letter No. 1790, dated the 26th June, 1937, I am directed to say that, as you are aware, further considerstion of the proposed Clove legislation has been postponed by the Government of Zanzibar till the 1st July, 1937. Meanwhile, the question continues to engage the attention of the Government of India, who are still in correspondence with His Majesty's Government in the matter.

Letter No. 1982 dated 21st July 1937 from Chamber to Government of India.

I am directed to confirm hereby the telegram sent by my Committee to you today as under:—

"Committee Indian Merchants' Chamber deeply deplore turn events have taken with regard to problems of the Clove industry in Zanzibar. Government of India were upto recently supporting the claims and demands of Indians who looked upto them in their times of trouble. Recent agreement with the Government of Zanzibar has however proved to be a reversal of the policy hitherto followed. What Indians in Zanzibar and bodies like this Chamber have been protesting against is the creation of a virtual monopoly in the form of the Clove Growers' Association. The granting of scanty concessions does not touch the real problem at all and Committee consider that the only alternative left for Government in the interests of Indians in Zanzibar and the self-respect of India is to impose an embargo on the imports of cloves in this country. Committee appeal to the Government of India even now to impose such an embargo and

strongly protest against agreement reported to have been made. Indians in Zanzibar are threatened with ruin if no steps are taken.—Inchambu."

APPENDIX 105

Mahomedally & Co.—Expulsion from Abyssinia

Letter No. 1500 *dated 22nd May* 1937 *from Chamber to Government of India, Foreign Department.*

The Committee of this Chamber have been much concerned over the expulsion of Messrs. Mahomedally & Co., a well-known Indian firm of repute and standing, from Abyssinia by the Italian Government. This step of the Italian Government was an insult to the Indian people and a breach of international trade courtesies. This country has been allowing people of all races and nationalities to trade without any distinction or difference, and there is a large number of people of the Italian nationality working here in different capacities. My Committee had decided to call a public meeting to draw the attention of the Government of India to this very grievous and unfortunate action taken by the Italian Government. In the meanwhile they have seen a press communique published in the Press on the 11th instant, and have considered that it would be better under the circumstances to address the Government of India by a letter rather than have a public meeting at present. While they appreciate that His Majesty's Government have so far interested themselves in this question under representations from the Government of India and that Italian Government have undertaken to allow complete liberty of action to the firm in carrying out liquidation and have also agreed to grant a reasonable period in which the liquidation may be carried out and to give some other facilities, the fundamental and vital question still remains, as to why this firm of long-standing and repute was expelled from that country, which they helped to develop. The facilities given now cannot be said to condone the main wrong step taken by the Italian Government in expelling the firm from that country. While my Committee appreciate

that the Government of India, in response to popular demand, have taken steps to see justice done to Messrs. Mahomedally & Co., they feel that they could have proceeded much further. No foreign Government can dare filch away the rights and privileges of a British merchant or trader, as they know that the power and strength of the British Empire will be behind him. The same should be the case with regard to Indian merchants and traders doing business in foreign countries. Foreign and Colonial Governments should feel that the power and strength of the Government of India and of the British Empire is behind these Indian merchants and traders and that any violence done to them or their business will not be tolerated meekly and quietly but that steps will be taken immediately in their defence and, if necessary, even retaliatory steps may be taken. If this is made clear, Foreign and Colonial Governments will not think of doing any harm to Indians abroad or their business.

My Committee hope that the Government of India will be pleased to re-assure all our countrymen abroad in this connection, as this act of the Italian Government has disturbed and upset violently their assurance and confidence. Indian businessmen have in the course of their dealings abroad always been known for their quiet and peaceful ways of life and trade and have always proved themselves assets rather than otherwise wherever they have settled. If in spite of this, some of the foreign or Colonial Governments show a tendency to encroach upon the rights and privileges of Indians abroad and to ruin their interests, surely it is high time that the Government of India should take immediate steps in their defence.

APPENDIX 106

Speeches at Quarterly General Meetings

Note.—These speeches have been published with the issues of the Journal of the Chamber for the months of May, August and November 1937. They are therefore not reproduced here.

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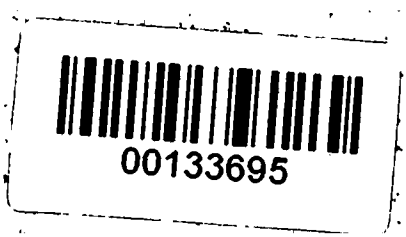
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